

ONTARIO ENERGY BOARD

**Upper Canada Transmission Inc. (on behalf of NextBridge Infrastructure)
Application for leave to construct an electricity
transmission line between Thunder Bay and Wawa, Ontario**

-and-

**Hydro One Networks Inc.
Application to upgrade existing transmission station facilities
in the Districts of Thunder Bay and Algoma, Ontario**

-and-

**Hydro One Networks Inc.
Application for leave to construct an electricity transmission line
between Thunder Bay and Wawa, Ontario**

**MÉTIS NATION OF ONTARIO
PROVISIONAL COMPENDIUM OF DOCUMENTS FOR CROSS-EXAMINATIONS**

October 2, 2018

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Compendium of Documents for Cross-Examinations

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1.	HONI LSL TC Undertakings, Undertaking JT 2.16, EB-2017-0364, filed May 25, 2018 (excerpt)
2.	Hydro One Response to Biinjitiwaabik Zaaging Anishinaabek (“BZA”) Interrogatory #7, Exhibit I, Tab 9, Schedule 7, EB-2017-0182/EB-2017-0194/EB-2017-0364, filed September 24, 2018
3.	MNO’s written submissions on NextBridge development costs at paras 29–33, EB-2017-0182/EB-2017-0194/EB-2017-0364, filed September 19, 2018 (excerpt)
4.	Redacted Public Technical Conference Transcript at 130:13–19, EB-2017-0182/EB-2017-0194, May 7, 2018 (excerpt)
5.	Hydro One response to OEB Staff Interrogatory #10, Exhibit I, Tab 1, Schedule 10, EB-2017-0182/EB-2017-0194/EB-2017-0364, filed September 24, 2018
6.	Hydro One response to NextBridge Interrogatory #35, Exhibit I, Tab 2, Schedule 35, EB-2017-0182/EB-2017-0194/EB-2017-0364, filed September 24, 2018
7.	Hydro One response to NextBridge Interrogatory #3, Exhibit I, Tab 2, Schedule 3, EB-2017-0182/EB-2017-0194/EB-2017-0364, filed September 24, 2018
8.	Hydro One Application in the matter of the Lake Superior Link project, Exhibit B, Tab 1, Schedule 1, EB-2017-0364, filed February 15, 2018 (excerpt)
9.	Hydro One response to OEB Staff Interrogatory #11, Exhibit I, Tab 1, Schedule 11, EB-2017-0182/EB-2017-0194/EB-2017-0364, filed September 24, 2018
10.	Technical Conference Transcript at 143:6–145:5, EB-2017-0364, May 17, 2018 (excerpt)
11.	Hydro One Update Additional Evidence, Attachment 9, 10, 11, 12, and 13, EB-2017-0364, dated May 7, 2018, filed May 11, 2018
A.	Attachment 9: Ministry of Energy Letter to Hydro One, March 2, 2018
B.	Attachment 10: Hydro One Letter to Six First Nations Partners of BLP, February 16, 2018 (excerpt)

Compendium of Documents for Cross-Examinations

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E.	Attachment 13: Correspondence to Six BLP Member Chiefs on Equity, May 2, 2018
12.	Hydro One response to NextBridge Interrogatory #30, Exhibit I, Tab 2, Schedule 30, EB-2017-0182/EB-2017-0194/EB-2017-0364, filed September 24, 2018
13.	Written Evidence of the Métis Nation of Ontario, Appendix A: <i>Métis Nation of Ontario Secretariat Act, 2015</i> , SO 2015, c 39, EB-2017-0364, filed May 7, 2018
14.	NextBridge response to MNO Interrogatory #1, EB-2017-0182/EB-2017-0194/EB-2017-0364, filed September 24, 2018

1 **UNDERTAKING – JT 2.16**

2
3 **Undertaking**

4 Hydro One to provide if there is additional equity beyond the 34 percent to be offered to
5 indigenous communities, including Métis Nation of Ontario.

6
7 **Response**

8 Hydro One has been delegated the procedural aspects of the legal duty to consult by the
9 Provincial Crown via the Ministry of Energy for the LSL project. As per this delegation,
10 Hydro One is fully committed to undertake meaningful consultation and accommodation
11 with all impacted Indigenous communities as identified by the Crown. The Crown has
12 identified the following Métis communities for the purpose of undertaking the procedural
13 aspects of the legal duty to consult on the LSL project: MNO Greenstone Métis Council,
14 MNO Superior North Shore Métis Council, MNO Thunder Bay Métis Council, and Métis
15 Nation of Ontario. Hydro One would like to meet with all impacted Indigenous
16 communities to discuss potential project impacts, accommodation and opportunities
17 including economic such as procurement, training and employment resulting from the
18 LSL project. Once engaged on the Project, Hydro One would consider accommodation
19 measures such as, and without being limited to, equity participation with Indigenous
20 communities as identified by the Crown, as well as capacity funding to participate in the
21 engagement process, procurement and subcontracting opportunities, job training, and
22 employment opportunities.

23
24 Hydro One understands that there are members of Indigenous communities who are
25 currently completing project related skills training. Hydro One is committed to
26 maximizing the employment of members from local Indigenous communities including
27 those who have received or who are currently completing project related skills training.
28 In addition, Hydro One is in a unique position to provide lasting employment
29 opportunities throughout its network across the province for skilled Indigenous workers
30 beyond the construction of the Lake Superior Link Project.

31
32 Hydro One and its construction partners SNC-Lavalin recognize the importance of
33 having involvement and participation of Indigenous communities and businesses in the
34 execution of the Lake Superior Link Project. Hydro One and SNC have a proud history of
35 inclusion through employment and procurement of its projects and will be actively
36 including qualified Indigenous suppliers and companies who have strong relationships
37 with local Indigenous communities and businesses in its procurement of goods and
38 services.

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Exhibit JT 2.16

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- 1 Hydro One is also committed to offering capacity for Indigenous communities to
- 2 meaningfully participate in consultation; for example, hiring a community consultation
- 3 coordinator in each community to assist the community with coordinating consultation
- 4 activities, and legal/other required advisory services.

1 **Biinjitiwaabik Zaaging Anishinaabek Interrogatory #7**

2
3 **Reference:**

4 HONI Application EB-2017-0364 Exhibit B, Tab 1, Schedule 1 pages 11 -12 and Exhibit H,
5 Tab 1, Schedule 1 pages 4-5 (February 15, 2018);

6
7 **Interrogatory:**

- 8 1. In fulfilling Indigenous participation obligations, will HONI offer economic participation
9 agreements with equity options to all of the affected First Nation and Metis communities or
10 only those in the BLP? If not, which First Nation and Metis communities will HONI offer
11 economic participation agreements with equity options to, and who determines which
12 affected communities will be offered these agreements?
13
- 14 2. Further, please provide a detailed explanation of:
15 1. what economic participation agreements may look like;
16 2. what equity will be offered to each First Nation and Metis community; and
17 3. what other economic participation options will be offered.
18
- 19 3. Will HONI offer differing economic participation opportunities to different First Nations
20 and Metis communities? If so, please provide a detailed explanation as to why.
21

22 **Response:**

- 23 1. As per its demonstrated track record (B2M, Niagara Reinforcement), Hydro One has been a
24 leading promoter and facilitator of First Nations participation to promote and support
25 Indigenous engagement, benefits and equity participation in projects directly impacting
26 communities. Hydro One is offering BLP up to 34% equity on this project. This is consistent
27 with the equity participation approach contemplated in the Hydro One Leave to Construct for
28 the East-West tie and designation proceedings, and we understand it is more favourable than
29 NextBridge's offer of equity participation to BLP. For Hydro One, the participation of
30 impacted Communities is not only a financial matter but is also about promoting long-term
31 sustained benefits for BLP communities. We have engaged in discussions with the Métis and
32 will first need to understand their expectations in terms of procurement and other contract
33 benefits. Hydro One anticipates that benefits to The Métis Nations of Ontario (MNO) will be
34 equivalent to or superior to those offered by NextBridge. If Hydro One is selected to build
35 the LSL Project, Hydro One is committed to discussing benefits, including economic options,
36 as part of the consultation process. Hydro One has been advised by the MNO's legal counsel

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Exhibit I

Tab 9

Schedule 7

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1 that the MNO cannot enter into discussions regarding accommodation measures, including
2 economic participation, because of exclusivity agreements they have with NextBridge.

3
4 2. 1) The terms and conditions of economic participation agreements are not finalized as Hydro
5 One has not yet commenced discussions on accommodation measures. Hydro One has been
6 forbidden by BLP's lawyer from discussing economic accommodations and/or participation
7 with these six First Nations¹, and Hydro One has also been told that BLP has entered into
8 exclusivity agreements with NextBridge.

9
10 2) As stated previously, Hydro One is prepared to offer a 34% equity interest to BLP.

11
12 3) Potential methods of economic participation for all Indigenous communities on the LSL
13 Project have also already been documented in this proceeding. To assist BZA, the applicable
14 references are Undertaking JT 2.15 and JT 2.16 from the NextBridge Motion to Dismiss the
15 Hydro One LSL application filed on May 25, 2018 (EB-2017-0364). Hydro One's
16 construction partner, SNC-Lavalin, is prepared to offer contracting, training and employment
17 opportunities. In addition, Hydro One is in a unique position to provide lasting employment
18 opportunities throughout its network across the province for skilled Indigenous workers,
19 beyond the construction of this Project.

20
21 3. All Indigenous communities have been offered capacity funding agreements in relation to this
22 project. Hydro One's construction partner, SNC-Lavalin, has an established track record in
23 Indigenous partnerships, joint companies and procurement for major projects in Ontario and
24 across the country, including specifically in Ontario's transmission sector. For many years,
25 they have developed proven relations and an ability to engage suppliers and optimize
26 Indigenous procurement. They have reflected on how to optimize opportunities and will be
27 including qualified Indigenous suppliers and companies who have strong relationships with
28 local Indigenous communities and businesses in their procurement of goods and services.

29
30 In addition to its economic participation offer to BLP, Hydro One is planning to install fiber
31 optic cable along the new transmission line and is committed to investigate the potential to
32 make available the excess fiber to support improved connectivity along the corridor of the
33 new line. Connectivity is especially weak along the corridor of the planned tie line, and
34 improved telecom access will open the possibility for several essential community services,
35 e.g. education, medical, etc. This could in turn provide economic opportunities for

¹ BLP evidence - May 7 2018 – March 5, 2018 Letter from BLP lawyers to Hydro One.

1 Indigenous telecom providers or Indigenous community-owned providers alone or in
2 partnership, or for other telecom providers, to develop the 'last mile connection' to
3 residences and businesses.

EB-2017-0182

EB-2017-0194

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ONTARIO ENERGY BOARD

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between Thunder Bay and Wawa, Ontario**

**MÉTIS NATION OF ONTARIO
WRITTEN SUBMISSIONS AND AUTHORITIES
ON NEXTBRIDGE'S DEVELOPMENT COSTS**

September 19, 2018

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confirmed this in its evidence given by Ms. Tidmarsh, who stated that: “I don’t believe that there could have been a much shorter timeline, considering the ongoing development of the project and the amount of information that was shared between the MNO and NextBridge, especially when it came to getting our details from the general contractor.”⁴⁸ The four and half year timeline was a **minimum requirement** to successfully do this work, all of which was premised on a strong and respectful relationship between NextBridge and the MNO. It is foolish to think that the same results—the relationship and everything that flows from it—could be accomplished in a shorter timeline, or with substantially less expenses incurred.

(ii) *Economic Participation is a Requirement of Ontario Policy*

29. There is a clear requirement in Ontario policy that proponents of new transmission projects pursue economic partnerships and arrangements with First Nations and Métis communities. This is found in successive Ontario policies as described briefly below.

30. The 2010 Long-Term Energy Plan (“LTEP”) (the plan in place at the time of the designation process for the EWT) stated that:

Ontario also recognizes that Aboriginal communities have an interest in economic benefits from future transmission projects crossing through their traditional territories...Where a new transmission line crosses the traditional territories of aboriginal communities, Ontario will expect opportunities to be explored...Ontario will encourage transmission companies to enter into

⁴⁸ Tr Pr at 132, May 7, 2018.

partnerships with aboriginal communities, where commercially feasible and where those communities have expressed an interest.⁴⁹

31. Subsequent LTEPs have built on this commitment. The 2013 LTEP stated that:

The government expects to see Aboriginal involvement become the standard for the future development of major, planned transmission lines in Ontario.

First Nation and Métis communities are interested in a wide range of opportunities — from procurement to skills training to commercial partnerships. When new, major transmission line needs are identified, the province expects **that companies looking to develop the proposed lines will, in addition to fulfilling consultation obligations, involve potentially affected First Nation and Métis communities, where commercially feasible and where there is an interest.**⁵⁰

32. The current LTEP (2017) does not displace these previous commitments but rather states that it will “continue the direction established in the 2013 LTEP and support First Nations and Métis leadership and capacity in Ontario’s evolving energy sector”.⁵¹

33. The 2013 LTEP specifically calls on proponents who are “looking to develop” transmission projects to involve affected First Nations and Métis communities. **There is an express policy requirement to engage in economic participation discussion—as part of**

⁴⁹ Ontario, *Ontario’s Long-Term Energy Plan: Building Our Clean Energy Future* (Toronto: Queen’s Printer for Ontario, 2010) at 49 (“LTEP 2010”), online: <https://www.ontario.ca/document/2010-long-term-energy-plan>.

⁵⁰ Ontario, *Ontario’s Long-Term Energy Plan: Achieving Balance* (Toronto: Queen’s Printer for Ontario, 2013) at 69–70 (“LTEP 2013”) (emphasis added), online: <https://www.ontario.ca/document/2013-long-term-energy-plan>.

⁵¹ Ontario, *Ontario’s Long-Term Energy Plan: Delivering Fairness and Choice*, (Toronto: Queen’s Printer for Ontario, 2017) at 169 (“LTEP 2017”), online: <https://www.ontario.ca/document/2017-long-term-energy-plan>.

Ontario's socio-economic policy—during the development phase. This is **in addition** to any accommodation discussions that may involve economic or financial components, which would need to be completed prior to project approval to fulfill the duty to consult and accommodate.

(iii) Economic Participation was a Requirement of Designation

34. The fact that First Nations and Métis economic participation was a requirement for designation carries the necessary implication that it would be part of the designated transmitter's development work.

35. The importance of First Nations and Métis economic participation formed a critical part of the designation process from the start. In 2011, the Minister of Energy wrote a letter directing the OEB to design a designation process for the EWT, instructing the OEB to “take into account the significance of aboriginal participation to the delivery of the transmission project, as well as a proponent's ability to carry out the procedural aspects of Crown consultation.”⁵²

36. The OEB's Phase 1 Decision and Order for the EWT states that **the “primary objective of this proceeding is to select the most qualified transmission company to develop, and bring a leave to construct application for, the [EWT].”**⁵³ To determine who the “most

⁵² Letter from Minister of Energy to Chair of OEB, EB-2011-0140, EB-2015-0216, March 29, 2011, online: <https://www.oeb.ca/industry/policy-initiatives-and-consultations/east-west-tie-line>.

⁵³ OEB Phase 1 Decision and Order, EB-2011-0140, issued on July 12, 2012, at 3 (“OEB Phase 1 Decision”) (emphasis added).

**REDACTED
PUBLIC**



ONTARIO ENERGY BOARD

FILE NO.: EB-2017-0182
EB-2017-0194

Upper Canada Transmission Inc. (on
behalf of NextBridge Infrastructure)
and Hydro One Networks Inc.

VOLUME: Technical Conference

DATE: May 7, 2018

EB-2017-0182
EB-2017-0194

THE ONTARIO ENERGY BOARD

Application for leave to construct an electricity
transmission line between Thunder Bay and Wawa,
Ontario

- and -

Application to upgrade existing transmission station
facilities in the Districts of Thunder Bay and Algoma,
Ontario

Hearing held at 2300 Yonge Street,
25th Floor, Toronto, Ontario,
on Monday, May 7, 2018,
commencing at 9:43 a.m.

REDACTED - PUBLIC

TECHNICAL CONFERENCE

A P P E A R A N C E S

LAWREN MURRAY	Board Counsel
NANCY MARCONI	Board Staff
MICHAEL LESYCHYN	
SALAH LAVEE	
ZORA CRNOJACKI	
MARK ROZIK	
FRED CASS	NextBridge Infrastructure
KRISTA HUGHES	
BRIAN MURPHY	
ROBERT WARREN	Hydro One Networks Inc. (HONI)
ANDREW SPENCER	
MICHAEL BUONAGURO	Consumers' Council of Canada (CCC)
MEGAN STRACHAN	Métis Nation of Ontario (MNO)
MARK RUBENSTEIN	School Energy Coalition (SEC)
MARK GARNER	Vulnerable Energy Consumers' Coalition (VECC)

1 MS. STRACHAN: And would NextBridge have been able to
2 engage in this planning and come to the mitigation measures
3 without having access to the MNO's reports and their
4 underlying data?

5 MS. TIDMARSH: Without having the precise information
6 from the MNO, no, that wouldn't be possible.

7 MS. STRACHAN: And I would just like to circle back to
8 the link we talked about earlier between consultation
9 activities and economic participation negotiations. And so
10 specifically in the context of the MNO did these reports
11 inform NextBridge's overall approach to economic
12 participation with the MNO?

13 MS. TIDMARSH: So as we went through our consultation
14 with the MNO and received information from them on the
15 strength of their claims along the line, also at one point
16 during the process the MNO actually ended up with two more
17 communities added to them that were in the project area.
18 Those two extra communities ended up becoming part of our
19 participation discussions as well.

20 MS. STRACHAN: And in NextBridge's leave-to-construct
21 application in Exhibit H it says that negotiations
22 regarding economic participation are ongoing with the MNO.
23 I haven't seen any updated information on that, and so can
24 you confirm that these discussions are still ongoing?

25 MS. TIDMARSH: They are, yes.

26 MS. STRACHAN: And so just to summarize then, do I
27 understand that it's taken about four-and-a-half years of
28 consultation and negotiations which began back in late 2013

OEB Staff Interrogatory # 10

Reference:

EB-2017-0364 Evidence, Hydro One Undertaking Response JT2.21
Hydro One's Construction Cost Estimates

In response to undertaking JT2.21 filed on May 25, 2018, Hydro One provided construction cost estimates for the route using the same cost categories as in Table 2 of NextBridge's response to CCC #8. In its undertaking response, Hydro One provided explanations for cost variances where in Hydro One's view the variances were substantial.

Interrogatory:

- a) With respect to costs of materials and equipment, Hydro One's estimate is approximately 34% lower than NextBridge's. Please specify and explain the cost reduction driven by each of the following factors:
 - i. Optimized tower design
 - ii. Shorter length of the line
 - iii. Global purchasing power
 - iv. Any other factors
- b) Please advise as to how Hydro One calculated the materials and equipment cost of approximately \$58 million and any assumptions on which that calculation was based?
 - i. Is any portion of the \$58 million amount part of the proposed fixed price EPC contract with SNC-Lavalin? If so, how much?
- c) With respect to the "Land Rights" cost category, Hydro One's estimate is significantly lower than that of NextBridge. Please explain:
 - i. In detail how Hydro One calculated a land rights cost that is only 41% of the estimate provided by NextBridge?
 - ii. Why the estimated costs of the Land Rights do not vary whether Hydro One goes through or around Puskaskwa National Park? Are there not additional land rights costs that would be incurred if Hydro One has to go around the Park?
 - iii. What are the "instruments" that Hydro One is considering in acquiring land rights? What are the cost associated with each of these instruments?
 - iv. What is the basis for Hydro One's belief that it will reach "voluntary settlements" with the vast majority of property owners?
 - v. What are the total estimated costs associated with voluntary settlements?

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Exhibit I

Tab 1

Schedule 10

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1 vi. What are the total estimated land rights acquisition costs for the properties where
2 voluntary agreements could not be reached?

3 vii. What is Hydro One's timing in acquiring land rights?
4

5 d) Hydro One allocated over \$18 million to the First Nation and Métis Participation cost
6 category. Hydro One noted that this funding was accounted for in the Site Clearing,
7 Preparation & Site Remediation cost category in Exhibit B, Tab 7, Schedule 1, Table 3 and
8 that the funds have been redistributed for the purpose of comparison in response to JT2.21.

9 i. Please identify and define categories of economic participation included in First
10 Nation and Métis Participation and dis-aggregate and itemize the total estimated cost
11 of \$18,450,000 shown in response to JT.2.21.

12 ii. Please explain the rationale for accounting for the First Nation and Métis
13 Participation costs in the Site Clearing, Preparation and Remediation cost category in
14 Exhibit B, Tab 7, Schedule 1, Table 3.

15 iii. Are there any potential participation costs that are not included in the \$18 million
16 amount? If so, please explain what they are?
17

18 e) Hydro One's estimated costs for Site Clearing and Access are 38% lower than NextBridge's.
19 Hydro One noted that the variance is due to a much smaller environmental footprint.

20 i. Please explain why this is the case and how Hydro One's estimates were calculated.

21 ii. Please explain why the site clearing costs are substantially lower than NextBridge's
22 even for the HONI-NextBridge "Bypass" Route?
23

24 f) Hydro One's contingency is about \$10.8 million and is exclusive of \$54 million of risk and
25 contingency in the fixed-price EPC contract.

26 i. What are the risks categories covered by the \$10.8 million contingency?

27 ii. What are the risks categories covered by the \$54 million contingency in the EPC
28 contract?

29 iii. What are the risks that are not covered by the \$10.8 million contingency?

30 iv. What are the risks that are not covered by the \$54 million contingency?
31

32 **Response:**

33 a) As explained in Exhibit JT2.21, Hydro One does not have detailed information on the
34 NextBridge costs which served as inputs to Table 2. Hydro One's response therefore can
35 provide only Hydro One's beliefs about the variance from NextBridge's costs.

1 Hydro One's response is based on material only, including tower steel, foundation steel,
 2 conductor, wire, hardware and anchors. Equipment used in the construction is included in
 3 the separate Construction and Site Clearing, Access categories.

- 4 i. Hydro One's tower designs differ greatly from NextBridge's, particularly in the
 5 guyed tangent towers, which account for 80% of the towers used in the LSL line:
 6 Hydro One's towers were optimized for weight to enable them to be lifted by an
 7 erecting helicopter in a single lift. Compared to NextBridge's Y-guyed tangent
 8 structures, Hydro One's design keeps the conductors closer to the centreline, enabling
 9 a lighter structure and a narrower right-of-way. This design is also optimized for
 10 helicopter stringing.
- 11 ii. The Hydro One preferred routing is approximately 10% shorter than the NextBridge
 12 route, resulting in the use of less material, e.g. number of towers and foundations,
 13 length of conductor, OPGW and steel wire.
- 14 iii. SNC-Lavalin has developed projects around the world and in so doing has experience
 15 in sourcing materials from various countries, enabling preferred pricing due to the
 16 volumes and purchasing power from repeated project development.
- 17 iv. Given the lack of detailed information on the NextBridge costs, Hydro One is
 18 unaware at this time of any other factors.

19
 20 b) The approximately \$58M in materials was estimated through competitive market price RFPs
 21 for the materials proposed for the entire project. The quantities were derived from bills of
 22 material for the preferred LSL route.

- 23 i. All of the \$58M amount is part of the fixed price EPC contract with SNC-Lavalin.

24
 25 c) Hydro One has no knowledge as to how NextBridge developed its estimate. Therefore,
 26 Hydro One cannot explain why NextBridge's estimate is much higher. What Hydro One can
 27 do is to provide the following information.

- 28
 29 i. Hydro One's land rights cost estimate is based on the following components:
 - 30 • 113 patented properties wherein Hydro One would acquire fee simple or easement
 31 rights, representing less than 30% of the land rights area required. These land
 32 rights were estimated using market and injurious affections studies specific to the
 33 LSL project and land use types affected. Included in the market value payment
 34 are incentive payments set through Hydro One's Land Acquisition Compensation
 35 Principles (LACP);
 - 36 • The remaining land area requirements, which are greater than 70% of the land
 37 rights area required, are to be secured through licences and leases entailing

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Exhibit I

Tab 1

Schedule 10

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- 1 recurring payments. These payments are in accordance with prevailing rent
2 schedules with MNRFP and Parks Canada;
- 3 • Business loss/disruption estimate based on an overview of the line and the
4 frequency of occurrence on past projects;
- 5 • Land rights within First Nation reserves, which are less than 3% of the land rights
6 area required, are to be secured through permit with annual payments based on
7 market value and payments in lieu of taxes, similar to the existing transmission
8 occupations;
- 9 • In support of the land rights acquisitions, the cost estimate includes studies,
10 capacity funding, agent and legal fees, and surveys;
- 11 • Temporary rights for off-corridor access and facilities, including storage yards, fly
12 yards and camps.
- 13 ii. The route around Pukaskwa National Park would result in approximately 14%
14 additional Crown land area and two fewer impacted parcels. The cost difference is
15 largely for the annual rights payment to the MNRFP, which would increase by the
16 equivalent 14% (approximately \$10K annually).
- 17 iii. Hydro One will be acquiring the following rights (stated costs exclude incentives,
18 capacity funding, agent, legal and surveys):
- 19 • Permanent Land Rights lump sum payment (i.e. easements, fees simple, railway
20 crossings and MTO encroachments) - \$1,763K
- 21 • Permanent Land Rights recurring payments (i.e. MNRFP land use permit, Parks
22 Canada licence and First Nation transmission permits)
- 23 iv. The acquisition of land rights is based on market and injurious affection studies
24 specific to the LSL project setting and impacted land use types. Included in market
25 value payments are incentive payments from Hydro One's LACP, which provides a
26 significantly greater payment than market, being greater than three times market for
27 the median property. These incentives would be lost to the property owner if
28 expropriation were to occur. Therefore, Hydro One has a high success rate in
29 achieving voluntary settlements: approximately 90% on Bruce to Milton and 100%
30 on both Supply to Essex County Transmission Reinforcement and Barrie Area
31 Transmission Upgrade, which were Hydro One's three most recent major transmission
32 projects.
- 33 v. Hydro One has assumed 100% voluntary settlement based on the response to part c)
34 iv) above. The total cost for voluntary settlements is \$10,978K.
- 35 vi. In its risk assessment, it identified expropriation which was assessed as a low
36 probability. Expropriation has been identified in the Risk Registry and costs have not
37 been included in the Real Estate estimate. The results of Bruce to Milton were

1 considered and adjusted downwards to a total of 10%, or 8 of the impacted patented
2 properties (“IPP”), wherein Hydro One has the ability to expropriate. The cost of
3 expropriation of these properties has been estimated at \$2,400K.

4 vii. based on a construction start of Q3 2019, Hydro One is seeking to achieve all
5 voluntary settlements by May 2019.

6 d)

7 i. The cost for Indigenous businesses to execute Site Clearing, Preparation and Site
8 Remediation services has not been disaggregated. This estimate represents a genuine
9 pre-estimate from previous projects and an assessment of capacity for this project. Hydro
10 One will continue to strive to maximize the utilization of Indigenous labour within the
11 construction of the works and does not envisage any material impact on the overall
12 construction price.

13 ii. Through previous project experience it is understood that Site Clearing, Prep, and
14 Remediation contract opportunities would typically be executed by Indigenous
15 businesses, either on their own or in partnership with other Indigenous or non-Indigenous
16 businesses, which is why the First Nation and Metis participation was accounted for in
17 this category.

18 iii. No.

19
20 e)

21 i. The difference is due to the ROW space required due to (1) the design and (2) the
22 location when paralleling the existing EWT, as well as (3) the reduction in linear length
23 due to going through Pukaskwa National Park. When comparing designs, the need for
24 ROW width for Hydro One is 150’ compared to the 210’ width that NextBridge says it
25 requires. Hydro One then takes into account the proximity to Hydro One’s existing EWT
26 line, which reduces Hydro One’s 150’ requirement to 120’. Additionally, the Park route
27 reduces the length by 40km.

28 ii. The site clearing costs are substantially lower even with the bypass route because the
29 Hydro One corridor width is smaller than that of NextBridge, resulting in a difference of
30 approximately 450 hectares difference in clearing area.

31
32 f)

33 i. Refer to current Risk Registry, provided at Exhibit I, Tab 5, Schedule 15.

34
35 ii. The EPC Contract with SNC-Lavalin covers an extensive scope of EPC work associated
36 with this project, which is detailed in JT2.22 – Appendix A – Scope of Work - Division
37 of Responsibility, however at a high level is outlined for ease below:

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Exhibit I

Tab 1

Schedule 10

Page 6 of 7

- 1 a. Project Management and Project Controls for the EPC Project
- 2 b. Engineering:
 - 3 i. Development and design of structure types
 - 4 ii. Selection of centerline and structure spotting on the right of way
 - 5 iii. Design of assembly and hardware details
 - 6 iv. Geo-technical interpretation and design of foundations
 - 7 v. Specifications for procurement of materials
- 8 c. Procurement:
 - 9 i. Procurement of all materials (e.g. lattice tower steel, conductor, hardware
 - 10 and assemblies, etc.)
 - 11 ii. Establishment and administration of all subcontracts for services utilized
 - 12 in the construction of the project
- 13 d. Construction
 - 14 i. Establishment of temporary facilities associated with the project (e.g.
 - 15 construction person camps, site offices, material laydown yards, fly yards,
 - 16 etc.)
 - 17 ii. Establishment of temporary access roads to the ROW
 - 18 iii. Clearing and brushing of the ROW
 - 19 iv. Construction of the foundations associated with the transmission line
 - 20 v. Assembly, erection and stringing of the transmission line
 - 21 vi. Restoration and site remediation associated with the de-mobilization of the
 - 22 construction works

23

24 In developing a fixed price to cover the scope of works associated with the EPC contract,

25 a risk and contingency allowance is derived to cover differences in quantities,

26 construction execution techniques, variances in production rates, etc., associated with the

27 level of definition at time of bid to those experienced during project execution. Changes

28 to the EPC Contract price will only occur for items that are outside of the scope of the

29 EPC Contract and given the broad and encompassing nature of the EPC Contract between

30 Hydro One and SNC-Lavalin, many of the interface risks between engineering,

31 procurement and construction activities would fall under the scope of SNC-Lavalin. In

32 other project delivery methods chosen by other owners or developers, where there are

33 elements of the engineering and procurement being handled by the owner, the risk of

34 construction costs impacts increases for changes or delays associated with the

35 engineering and material supply, resulting in price adjustments which would be borne by

36 the rate payer

- 1 iii. As the Project has progressed, Hydro One has updated its contingency since some risks
2 that were originally anticipated have not materialized and/or some have. The updated
3 contingency estimate for the Hydro One-specific portion of the LSL project is now
4 \$5.4M. The risks not currently covered by Hydro One's contingency remain those
5 identified in Exhibit B, Tab 7, Schedule 1, of the prefiled evidence.
6
7 iv. Please refer to the response to ii above.

1 **NextBridge Interrogatory # 35**

2
3 **Reference:**

4 EB-2017-0364 - February 15, 2018 HONI Lake Superior Link Application, EXHIBIT B, TAB 1,
5 SCHEDULE 1, pages 11-12.

6
7 **Interrogatory:**

- 8 a) Identify the Indigenous Communities that HONI will or has approached to participate
9 economically in the Lake Superior Link project.
- 10
11 b) For each identified Indigenous Community, explain in detail the current status of reaching an
12 agreement on participation.
- 13
14 c) Provide copies of all correspondence and documents related to seeking or agreement with an
15 Indigenous Community on participation.
- 16
17 d) Confirm that unless HONI is able to enter into participation agreements with each of the
18 identified Indigenous Communities, it will not proceed to construction with the Lake
19 Superior Link project. If not confirmed, explain your answer in detail how HONI would
20 proceed to construction with the Lake Superior Link project without some or all participation
21 agreements in place.

22
23 **Response:**

- 24 a) Hydro One has, to date, approached six First Nation partners in Bamkushwada Limited
25 Partnership (BLP) which includes: Pays Plat First Nation, Fort William First Nation, Red
26 Rock Indian Band, Pic Mobert First Nation, Biigtigong Nishnaabeg, and Michipicoten.¹
- 27
28 b) Although Hydro One has been sharing project related information and meeting with the BLP
29 communities, Hydro One has been instructed by BLP legal counsel to not discuss economic
30 accommodations and/or participation with these six First Nations. Please refer to Exhibit I,
31 Tab 1, Schedule 15.

¹ EB-2017-0364 – Hydro One Additional Evidence (May 7, 2018) page 12-13 and April 12 letter to BLP (Attachment 12 in additional evidence)

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Exhibit I

Tab 2

Schedule 35

Page 2 of 2

- 1 c) Specifically regarding equity participation, and for reasons outlined in a) and b) above, there
2 is no additional correspondence than already provided as evidence in this proceeding.
3
- 4 d) Following OEB approval of Hydro One's Application to construct the LSL, Hydro One will
5 make best efforts to work with BLP to establish mutually agreeable terms with regards to a
6 limited partnership that will own the Lake Superior Link Assets. Hydro One remains
7 committed to reaching agreeable terms in principle within 45 days following OEB approval.
8 Given the date of OEB approval is undefined, Hydro One cannot answer the question as to
9 whether or not the status of equity participation discussions or agreements will impact the
10 construction schedule.

1 **NextBridge Interrogatory # 3**

2
3 **Reference:**

4 EB-2017-0364 - February 15, 2018 HONI Lake Superior Link Application.

5
6 **Interrogatory:**

7 a) Provide all documents, analyses, and studies presented or provided to HONI's Board of
8 Directors that discuss the NextBridge East West Tie Line.

9
10 b) Provide all documents, analyses, and studies presented or provided to the HONI Board of
11 Directors that discuss the Lake Superior Link project.

12
13 **Response:**

14 a) and b)

15
16 Information provided to the Hydro One Board of Directors discussing both the NextBridge East
17 West Tie Line and the Lake Superior Link Project was provided in Exhibit JT.2.19 of EB-2017-
18 0364. That undertaking response provided the business case for the Development costs as well as
19 presentations leading up to the February 13, 2018 meeting of the Hydro One Board of Directors.

20
21 In addition to those materials the following are included as attachments to this interrogatory
22 response:

- 23
- Attachment 1: January 15, 2018 - Briefing re follow-up to December 8, 2017 Meeting
 - Attachment 2: July 3, 2018 - Lake Superior Link Project Update
 - Attachment 3: August 10, 2018 - Lake Superior Link Summary Slide
- 24
25

Briefing Note



Date: January 15, 2018
Topic: Follow-up to December 8th Board Meeting, re: East West Tie
Submitted by: Greg Kiraly, Chief Operating Officer

Background

At the December 8, 2017 meeting, the Board discussed the strategic content of the proposed application for Leave to Construct (LTC) to the OEB. The Board did not approve at the meeting, and asked Management to consider alternatives based on the Board's feedback and questions and return with additional information and recommendation for consideration. The team has assessed a number of alternatives to mitigate the negative effect of the risk and associated uncertainties. All alternatives all have both risk and reward to be considered. This briefing touches on three key areas as follows:

1. Risk exposure to Hydro One regarding the Not-to-Exceed price;
2. Risk of Environmental Assessment approvals, and what that means to the not-to-exceed price;
3. Project commitment with uncertainty of First Nations partnerships.

This briefing provides information and recommended path-forward around these three key areas, and will be complemented by materials to be presented at the February meeting.

Not-to-Exceed Capital Cost

Management recommended a not-to-exceed price as a strategic differentiator to the NextBridge LTC submission, and strongly believes it would de-risk our bid being rejected by the OEB. Although Nextbridge's application is significantly higher cost, they are further advanced on the underlying project work and can offer an earlier completion date, having been selected for the development phase in 2013. A price-cap from Hydro One would likely be seen as a very attractive bid component for the regulator.

The Board expressed concern regarding the risk profile of the investment, particularly the potential for unrecovered costs given the number of uncertainties and the fixed price stipulation. The team has assessed a number of alternatives to mitigate the negative effect of the risk and associated uncertainties taking into account the fact that as the risk profile for unrecovered costs increases with the inclusion of price cap, but the risk of being rejected by the OEB also decreases. On the balance of our review, we intend to withdraw the price-cap component of our proposal. We will be returning to the Board in February to request the approval to submit the application for leave to construct, which will include our final assessment of risks and mitigation.

The proposed Hydro One LTC application to the OEB provides substantial benefits to customers as compared to the NextBridge LTC application in the form of both lower capital costs of over \$100million and lower on-going annual operation costs. The annual OM&A savings of \$5.6million, translates into an equivalent \$110million of capital savings when expressed on an NPV basis over a 30-year study period.

In the absence of the price-cap, Hydro One will continue to manage to a well-defined and tightly controlled project plan, targeting a delivery price of \$636 million utilizing fixed price lump-sum turn-key (LSTK) Engineer-Procure-Construct (EPC) contract with SNC-Lavalin.

Project Cost Comparison

During the December 8th board meeting, a number of large-scale transmission projects were referenced to demonstrate the potential for cost increase from initial approved amounts. A total project cost and variance analysis of the several referenced large scale transmission projects with cost variances has been completed and summarized below, with additional details in Appendix 1.

- Each project has its own set of circumstances and variance explanation, but on average they are at a 22% variance between the Initial Cost and Final Cost.
- Note that Final Cost in below table accounts for changes such as approved scope-change notices during project execution, as well as more impactful changes like re-routing, changes to contracting strategy, and in-flight design changes.

Project Name	<u>East West Tie (Hydro One)</u>	<u>East West Tie (NextBridge)</u>	<u>NTL Northwest BC Transmission Line (BC Hydro)</u>	<u>ILM Interior Lower Mainland Transmission (BC Hydro)</u>	<u>WATL Western Alberta Trans. Line (AltaLink)</u>	<u>EATL Eastern Alberta Trans. Line (ATCO)</u>	<u>Fort McMurray West Transmission (Alberta Powerline)</u>	<u>Bipole III (Manitoba Hydro) On-going</u>
INITIAL COSTS (\$M)	\$636 Target	\$737 target	\$561	\$602	\$1,499	\$1,665	\$1,430	\$3,300
FINAL COSTS (\$M)			\$736	\$743	\$1,699	\$1,900	\$1,600	\$4,600+
Variance (\$M)			\$175	\$141	\$200	\$235	\$170	\$1,300
Variance (%)			31%	23%	13%	14%	12%	39%+

Northwest BC Transmission Line (NTL) and Interior Lower Mainland (ILM) Projects had similar challenges that substantially drove project variances:

- Both contracts were initially planned under the BC Transmission Company (BCTC) entity and the concept was to utilise functional specifications and award as EPC contracts.
- During the course of the project, BCTC was re-integrated back into BC Hydro.
- The contracting strategy was changed mid-project in that BC Hydro introduced their own prescriptive standards and requirements which resulted in delay in the design period due to re-design, and changes to material and equipment to be procured
- BC Hydro introduced a requirement of live-line maintenance after the initial project budget was set. This modified the clearances and impacted the tower design, steel procurement, foundation design, line hardware. Equitable adjustments (schedule and cost) were claimed by the EPC contractor.
- On NTL, 76 structures had to be changed from lattice to monopole to fit within the revised route alignment.
- On NTL, the contracting strategy with corridor vegetation clearing was not done in a manner that drove efficient budget and schedule alignment. The clearing work was contracted directly to the FN Contractors by BC Hydro, with the contract between BC Hydro and FN Contractors. The work was project managed by the EPC contractor (Valard), but there was no tie-back to the EPC Contract. Hence corridor and access clearing requested by Valard to the FN Contractors was to BC Hydro account and wasn't being managed in an integrated cost-manner. Valard were also able to claim delays resulting from delays in the execution of the works by the FN Contractors.
- Specific to the ILM project, the general contractor (Graham-Flatiron JV) had no prior transmission line construction experience

Final cost variances on the **WATL, EATL and Fort McMurray West** projects were largely a result of changes in project evolution between the initially approved project amount, including routing changes following Environmental Assessment approvals and out-of-scope change notices approved by the utility.

The Manitoba Hydro Bipole III project has been a project with extensive changes driven largely by political forces, and has been the subject of multiple critical reviews.

- The transmission line routing was altered by the NDP government in power at the time, and resulted in a substantially longer route to the west of Lake Winnipeg as opposed to the original lower cost route to the east
- The Conservatives won a majority government in the spring 2016 election and immediately made substantial changes to the Manitoba Hydro board and executive. Boston Consulting Group was retained by the new Board to complete an independent review of contentious major capital projects, which is publicly available.
- The incoming chair of the Manitoba Hydro board is on record as saying "Rerouting the Bipole III transmission line down the west side of the province was obviously a wrong decision, one forced on [Manitoba] Hydro by the previous government, and has cost Manitobans an additional \$900 million."
- In-flight alternatives were assessed in 2016, but it was determined the lowest-cost option was to complete construction along the updated route. The project is still on-going and forecast to be completed in late 2018.

With respect to East West Tie, Hydro One and SNC-Lavalin have taken into account the lessons learned regarding other projects in developing the proposal for the EWT. The parties have been working together in a cost-shared collaborative and open-book manner throughout the entire project development phase, which has resulted in the following differences with some of the above referenced projects:

1. Clear engineering and construction solution built on a mature and stable project specification
2. Up-front clarity and agreement on design standards, material standards, and maintenance standards to minimize extension of design cycle and re-work
3. Clarity and commitment on contracting strategy with accountability and risk management clearly defined between SNC-Lavalin and Hydro One
4. Utilization of construction contractors who are experienced with transmission line construction
5. Hydro One's solution is a generally widening of existing corridor, which is inherently less risky than creating new corridor as was the case in several of the comparator projects.
6. A contingency of \$68 million (10.7%) is included within the project total, and built upon industry best-practice of risk definition and probabilistic modeling.
7. SNC-Lavalin has extensive experience in delivering LSTK EPC projects on a fixed-price basis. A letter from the President of their Power division is attached as Appendix 4, outlining their commitment.

In the event that a designated transmitter was to incur costs beyond their approved LTC, they may elect to seek cost recovery for the incremental amount from the OEB as per established regulatory process. Hydro One would plan to seek recovery for costs prudently incurred outside of our control including such things as force majeure events; scope changes driven by government or regulatory policy; archeological discovery; changes to import duties; commodity pricing & foreign exchange risk beyond November 2018. These will be articulated in our LTC application.

Cost Benchmarking Comparison

The project team has undertaken a benchmarking and comparison review of other large-scale 230kV transmission projects in Canada which are similar to the EWT. Supporting details are contained within Appendix 2, and the following key excerpts of the benchmarking review:

- The Hydro One EWT proposal has an EPC cost of \$1.34 million per kilometer
- Similar completed comparison projects, when normalized for such factors as material and labour costs, range from \$1.27 million to \$1.37 million per kilometer. The NextBridge submission is \$1.41 million per kilometer.
- After normalizing the other projects to a unitized basis, making index adjustments for material and labour costs, and applying these factors to the 400km length of the Hydro One proposed solution, the variance across the similar projects sits in a range of -\$31 million to +\$25 million, or a -6% to +5% spread compared to Hydro One. This is a tight range and gives confidence that our unitized EPC price is appropriate.

Environmental Assessment Approvals

Based on a review of past precedents and the current situation, we confirm that proceeding with the LTC application to the OEB is an acceptable risk to Hydro One, due to the following considerations:

- A LTC application can be filed prior to obtaining an approved Environmental Assessment (EA) from the Ministry of Environment & Climate Change (MOECC).
- Hydro One will clearly indicate in the LTC application that receipt of EA related approvals is a condition to our proposal and Hydro One's ability to meet the cost and schedule commitments. The Hydro One solution cannot proceed as described if there is no regulatory solution to meeting EA requirements.
- Regulatory options exist to allow Hydro One to utilize the EA work already completed by NextBridge, and address changes in proposed route, should our proposal be compelling enough to the Province. Additional information is provided in Appendix 3.

It is typical to file a LTC application prior to EA approval for this large transmission projects. NextBridge filed its LTC application on July 31, 2017, however, approval of the associated Individual EA is not anticipated until Q2 2018. It is likely that approval will be delayed longer, given that NextBridge is currently amending their EA. Hydro One is assuming Q2 2019 for EA approval for the Hydro One solution.

It should be noted that, in the case of the EWT, the Terms of Reference (TOR) prepared by NextBridge has already been approved by the MOECC, and include the route proposed by Hydro One. The original reference route proposed in the NextBridge TOR is actually the route through Pukaskwa National Park as proposed by Hydro One.

EA Approval as a Condition

Hydro One proposes to reduce the risk of cost recovery associated with delays in obtaining, or inability to obtain EA approval by clearly stating the nature of the EA dependency in the LTC application. Hydro One will be clear that receipt of EA related approvals is a condition of being able to meet the cost and schedule commitments. The project cannot proceed as described if there is no regulatory solution to meeting EA requirements for the proposed route and associated cost savings.

Hydro One will also outline to the OEB that if through the process to finalize the EA approvals, the MOECC were to impose substantial conditions, or mandate substantial changes that would impact Hydro One's price and schedule, we would submit to the OEB for their approval of the associated incremental costs. This instrument would be reserved for substantial changes that cannot be managed within project contingencies (i.e. route alterations). Approval for recovery of these costs would still be subject to OEB approval, but are viewed as low risk given they would have been mandated by another agency and the concept of additional costs due to EA obligations will be outlined in the LTC application.

First Nations Partnerships

Hydro One has not undertaken exchanges with Bamkushwada LP, the partnership formed by the directly affected First Nations communities, nor with Supercom Industries LP, its commercial arm, given the alleged exclusivity agreements with NextBridge. We will clearly indicate Hydro One's positive intentions on First Nations partnership without specific commercial details in our Leave to Construct submission to the OEB. We expect the OEB will be interested in considering the matter of First Nations partnerships on the overall context of the LTC process.

Regardless of any exclusivity agreements, Hydro One can begin the consultation process with First Nations, because consultation is a constitutional duty. If the OEB feels that Hydro One's proposal is compelling and in the interest of electricity customers, the OEB could elect to award to the LTC to Hydro One on a conditional basis, subject to reaching agreement with First Nations partners within a short period of time, say 45 days. This will be signalled in our LTC application.

The concept of conditions is not new to the OEB; the normal practice in granting LTC approvals is to include Conditions of Approval, which typically include that the applicant apply with the requirement of the Class EA. However, this concept of a condition associated with a Partnership agreement will be new.

It is Hydro One's view that the exclusivity agreements entered into between NextBridge and affected communities are anti-competitive, and not in the best interests of customers. Although the OEB does not have authority to nullify such agreements, our view is the OEB will not look kindly on them, and the OEB may be persuaded that NextBridge's entering into such agreements was not part of "development work" awarded by the OEB to NextBridge in 2013. Therefore, NextBridge should not have presumed that it would be the successful bidder to construct the project, and NextBridge should not have taken the step of "locking up" First Nations in a way that would preclude another transmitter from bidding to construct the project.

Also of note, Bamkushwada LP was a 33.3% partner with Hydro One and Brookfield in the 2012 EWT LP submission to the OEB. The impacted communities maintain constructive relations with Hydro One, and we strongly believe the affected communities will welcome our interest in the project and will be open to working with Hydro One again.

Appendix 1: Comparison Transmission Line Projects and Variance to Initial Cost

Project Name	<u>East West Tie (HONI)</u>	<u>East West Tie (NextBridge)</u>	<u>Northwest BC Transmission Line (BC Hydro)</u>	<u>Interior Lower Mainland Transmission (BC Hydro)</u>	<u>WATL (AltaLink)</u>	<u>EATL (ATCO)</u>	<u>Fort McMurray West Transmission (Alberta Powerline)</u>	<u>Bipole III (Manitoba Hydro)</u> <i>On-going</i>
INITIAL COSTS (\$M)	\$636	\$737	\$561	\$602	\$1,499	\$1,665	\$1,430	\$3,300
FINAL COSTS (\$M)			\$736	\$743	\$1,699	\$1,900	\$1,600	\$4,600
Increase (%)			31%	23%	13%	14%	12%	39%
Current	AC	AC	AC	AC	DC	DC	AC	DC
Length (km)	400	450	344	255	350	485	500	1384
Structure Type	360km guyed mast + 40km self supporting	290km Guyed Y + 160km Self supporting steel lattice	Steel Lattice - Guyed Y	Steel Lattice - Guyed V and self supporting	Steel Lattice - Self Supporting	Steel Lattice - Self Supporting	Steel Lattice - Guyed V	Steel Lattice - Guyed Mast
Number of Circuits	2	2	Single	Single	Single (Bipole)	Single (Bipole)	Single	Single (Monopole)
Operating Voltage (kV)	230	230	287	500	+/- 500	+/- 500	500	+/- 500
Conductor	1192 Grackle	1192 Grackle	477 Hawk		1590 Falcon	1590 Falcon		
Conductors per phase	Single	Single	Twin	Twin	Quad	Quad	twin	Triple
Foundations	Mainly rock anchor - some grillage (85/15%)	A mixture		Piles / Grillage / Pad & Column	Deep piles	Deep piles		
Notes			Guyed Y structures same as Nextbridge offer Valard construction. Monopoles also had to be used for 75 structures to cope with standard change.	Flatiron-Graham construction	SNC-Lavalin execution		Valard construction	
Delays / Changes			- Heated labour market - Introduction of new structure type - Change in design requirements - Access and clearing not in EPC scope of work	- Heated labour market - Change in design requirements - EPC Awarded to construction JV with limited Transmission Line experience	- Heated labour market - Change in line route			- Line had to be rerouted due to eco/political pressure -construction fatalities in 2017

Appendix 2: Unit Cost Benchmarks of Similar 230kV AC Transmission Lines

	EWT – Hydro One	EWT - NxB	Northern Ontario Study	TL267	SFTP	CBW
Voltage	230kV	230kV	230kV	230kV	240kV	240kV
Year of Execution	2019	2019	2011	2017	2013	2011
Client	Hydro One	NextBridge	Hydro One (Study to support budgetary pricing for LTEP)	Newfoundland Hydro	AltaLink	AltaLink
EPC Firm	SNC-Lavalin	Burns & McDonnell as Engineering Valard as Procure & Construct	SNC-Lavalin	SNC-Lavalin Engineer & Owners Engineer	SNC-Lavalin as EPC	SNC-Lavalin as EPC
Location	Northern Ontario	Northern Ontario	Northern Ontario	St John's, Nfld	Southern Alberta	Southern Alberta
Length (km)	400	450	300	188	123	240
Average span (m)	365			320	350	337
Number of circuits	Double	Double	Double	Single	Double	Double
Number of structures	1100			586	338	713
Conductor (# per phase)	1192 kcmil (1)	1192 kcmil (1)	795 kcmil	804 kcmil (1)	1033 kcmil(2)	1033 kcmil (2)
Construction Constraints	Heavy Wooded	Heavy Wooded	50% Wooded	Heavy Wooded	Prairie	Prairie
Cost Analysis	\$/km	\$/km	\$/km	\$/km	\$/km	\$/km
Materials	\$147,090	\$198,684	\$273,600	\$249,316	\$282,247	\$296,382
Access	\$257,665	\$290,580		\$264,711	\$172,357	\$238,280
Foundations	\$281,096	\$305,913		\$260,056	\$351,924	\$171,006
Lines	\$562,192	\$567,382		\$492,266	\$564,780	\$565,423
TOTAL COST / km	\$1.34m	\$1.41m	\$1.39m	\$1.27m	\$1.37m	\$1.27m
Applied Indexes / Factors			- Steel	- Steel, Aluminum - Provincial Labour - x1.5 Single to double	- Steel, Aluminum - Provincial Labour	- Steel, Aluminum - Provincial Labour
Total Variance if applied to EWT – Hydro One solution @ 400km	+\$0	+\$25.9m (+4.8%)	+\$20.6m (+1.5%)	-\$31.2m (-5.8%)	+\$10.8m (+2.2%)	-\$29.3m (-5.2%)

Appendix 3: Regulatory Options to Meet EA Requirements

Hydro One has engaged in preliminary discussions with MOECC regarding possible options for obtaining EA approval for the proposed approach to the EWT Project. MOECC has confirmed that regulatory measures exist that would allow Hydro One to utilize the EA work already completed by NextBridge, and address changes in proposed route. It should be noted that these measures are relatively unprecedented with respect to Individual EAs in the electricity sector, and would likely only be possible should the Hydro One proposal be considered compelling enough to the Province and a LTC granted.

MOECC is limited in how much they can discuss the EWT file as the NextBridge Individual EA is currently in front of the Minister for a decision and is currently under amendment by NextBridge based on additional stakeholder comments. The nature of amendments is not known to H1 and it is possible some of these amendments could benefit Hydro One.

MOECC has been clear to date that a project can be carried out by another proponent so long as it is conducted in the way that is described in the EA, and that it meets the commitments in the approved EA. Hydro One proposes to use the same route as NextBridge for 264 km of the 403 km proposed Hydro One route. Changes to the approach in the approved EA in these sections are minimal, and are considered comparable in impact, such as minor changes in tower design, or a significant reduction in impacts, such as widening the corridor by only 37 m compared to 64 m proposed by NextBridge.

EA reports and associated studies are publicly available documents, and with the exception of necessary changes required for Hydro One's solution, are beneficial to and useable by Hydro One. Although Hydro One cannot legally "rely" on the NextBridge EA and associated studies, it is not general industry practice to obtain reliance on an EA document. Obtaining reliance from the consultants that have completed the EA studies would not reduce the risk associated with Hydro One assuming those same EA studies. Studies, such as natural heritage, are highly subjective and legal recourse for errors and omissions in the absence of negligence would not likely be successful. As a result, there would be no advantage to Hydro One obtaining formal reliance on these reports, or commissioning duplicate studies.

The key regulatory challenges lie in addressing EA requirements for areas where the Hydro One proposal does not conform to the Nextbridge EA conditions, if approved by the MOECC. These areas include the modified routes through Pukaskwa National Park and West of Nipigon. MOECC has confirmed that the route change proposed by Hydro One is considered significant in magnitude such that an addendum or amendment to the existing EA would not be considered appropriate to meet Hydro One's EA obligations.

MOECC has offered several other means to potentially meet EA requirements, many of which are not viable as they do not align with the project schedule or they result in a significant duplication of effort by H1 with respect to the NextBridge EA studies. The most attractive option is a Ministerial exemption to typical EA requirements, combined with Studies and Consultation for sections of the route that deviate from the approved route. This would require a Regulation or Declaration Order combined with Cabinet Approval and Consultation. A second possible option would be assuming the EA from NextBridge prior to finalization. This would be considered only if there is a significant delay in NextBridge finalizing their EA such that the LTC decision would be made prior to completion.

Regardless, the MOECC has made it clear that some solution to EA approvals could likely be reached should the Hydro One proposal be considered the best solution for the Province.

Based on the above considerations, proceeding with the EWT project commitments despite some uncertainty associated with the nature and timing of associated EA approvals is considered an acceptable risk to Hydro One.

Appendix 4: Letter from SNC-Lavalin President, Power Division



SNC-Lavalin Group Inc.
455 Boul. Rene-Levesque, Ouest
Montreal, Quebec
Canada H2Z 1Z3
☎ (514) 393-8000

December 12th, 2017

Hydro One Networks Inc.
483 Bay Street
Toronto, ON M5G 1P5

Attention: Mr. Greg Kiraly, EVP and Chief Operating Officer

Subject: SNC-Lavalin Commitment to Hydro One Network's Lake Superior Link Project

Dear Mr. Kiraly,

As you are aware, SNC-Lavalin has provided its full lump sum EPC proposal to Hydro One Networks for the Lake Superior Link Project (the "Project") on November 24th, 2017. This letter serves as an acknowledgement from myself and the rest of SNC-Lavalin's senior leadership of the awareness and commitment of this Project within SNC-Lavalin.

This Project has been thoroughly reviewed through all levels of internal governance, evaluating and quantifying the scope, schedule and risks of the Project. Especially as this is a lump sum price, we require that the teams go through a rigorous process, including market surveillance and peer reviews to ensure we provide a proposal that is both achievable and profitable for SNC-Lavalin. We feel that the expertise, experience and resources we have within SNC-Lavalin will make this a successful project for both our organizations.

We understand that this will be a large high profile project, but it is not unlike other large infrastructure projects we have and are currently executing. Maintaining our reputation to deliver successful projects especially within our home country is essential to our continued prosperity.

We look forward in developing and executing this project (as well as others) with Hydro One Networks in the years to come. Feel free to contact me if you would like to discuss any of this with me personally.

Sincerely,

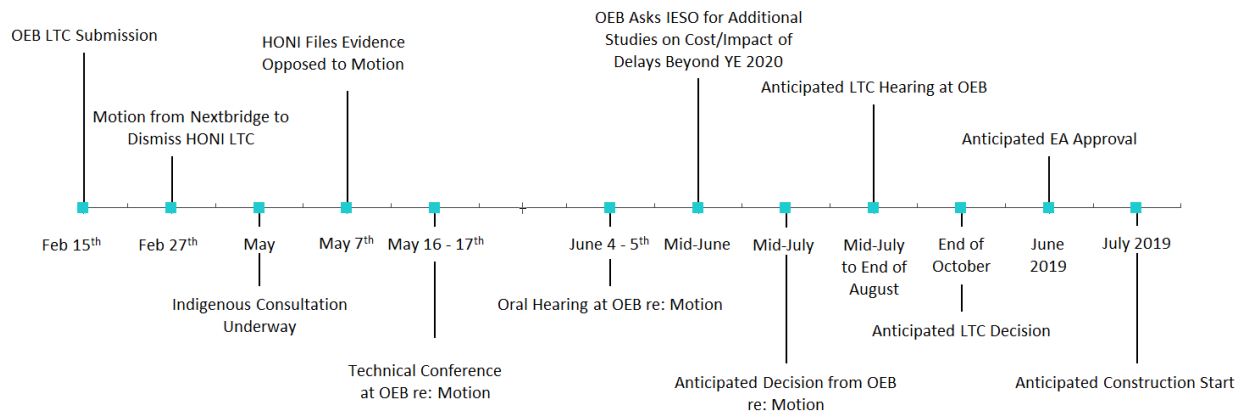
Sandy Taylor
President, Power
SNC-Lavalin Group Inc.



East-West Tie (Lake Superior Link) Transmission Line Project Update

The following is an update on Hydro One’s Leave to Construct (LTC) application to the Ontario Energy Board (OEB) to build the East-West Tie Transmission Line project, which Hydro One has renamed the Lake Superior Link (LSL). Hydro One continues to pursue the project with full energy and enthusiasm as a core competency despite the resistance from NextBridge following our LTC application filing on February 15, 2018. Hydro One remains confident the LSL project delivers substantial benefits to rate payers, however there are some headwinds we are working to overcome.

Below is an update on progress made since the Board meeting on February 13, 2018 on the following chronology:



Regulatory Process

Hydro One’s LTC application was filed with the OEB on February 15, 2018. On February 27th, NextBridge filed a motion with the OEB to dismiss Hydro One’s application primarily based on the premise that the Hydro One LSL project cannot meet the December 2020 in-service date and that our application was incomplete. Hydro One has stated the motion is without merit and has strongly opposed NextBridge’s assertions on both the application being incomplete, and that the December 2020 in-service date is a requirement.

The following will provide the Board with the regulatory activities that took place to address the motion filed by NextBridge on February 27th:

- On May 7th, in response to a procedural order from the OEB, Hydro One submitted over 350 pages of comprehensive supplementary evidence to justify the dismissal of the NextBridge motion.
- On May 7th, Hydro One participated in a technical conference on the NextBridge application as an intervening party.
- On May 16 & 17th, a technical conference was held on the NextBridge motion where a panel of Hydro One and SNC-Lavalin witnesses were questioned by OEB staff and intervening parties.
- On June 4 & 5th, an oral hearing was held on NextBridge’s motion to dismiss Hydro One’s application, where a panel of three OEB Board members heard argument from Hydro One, NextBridge and eleven intervening parties.

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Several parties opposed the NextBridge motion including Schools Energy Coalition, Consumers Council of Canada, and the Power Workers Union. They argued that it would be prudent to hold a full hearing to hear and test Hydro One's evidence given the magnitude of customer benefits, and they questioned the OEB's jurisdiction to dismiss Hydro One's application without a hearing.

There were several parties who supported NextBridge's motion, most notably OEB Staff, Bankshwda LP, Vulnerable Energy Consumer's Coalition (VECC) and the Métis Nation of Ontario. The primary areas of argument were

- Hydro One's ability to meet its Duty to Consult and to attain economic participation agreements with the impacted parties in a timely manner;
- The importance and likelihood of project completion by December 2020 (the date mentioned in the Order-in-Council) as proposed by NextBridge, as contrasted with Hydro One's planned completion date of December 2021;

Hydro One outlined that formal consultation has begun with all potentially affected Indigenous communities and feels there is sufficient time in our overall project schedule to have meaningful consultation and reach economic participation agreements.

NextBridge argued the importance of the 2020 in-service date as a project requirement, being referenced in the Order-in-Council, and questioned whether Hydro One would be able to meet even a 2021 in-service date. Hydro One argued that the December 2020 in-service date was only a recommendation and is not a firm need from a power system perspective, based on evidence filed by Hydro One and a submission made by the IESO. The OEB has since asked the IESO for additional studies articulating the impacts of completion of the project under different timelines, reaching out as far as 2024.

We do not know when the OEB will render its decision on the NextBridge motion but anticipate it will not be prior to mid-July 2018. If the motion is dismissed, the OEB will define a process to fully hear both Hydro One's and NextBridge's LTC applications. We remain confident in our ability to deliver value on this project and are optimistic that the OEB will dismiss the NextBridge motion, thereby allowing Hydro One's LTC application to be heard in full. Under this scenario, we anticipate there will be a further regulatory process through the summer, and a potential the OEB decision on the two LTC applications as early as October 2018.

Hydro One continues to advance work in areas of engineering and environmental approvals, including field studies, Indigenous consultation, and discussion with landowners. We continue to be optimistic about this project and that we will be given an opportunity to fully articulate our value proposition to the OEB and others. Consultation with Indigenous communities is underway, and we are looking for opportunities to increase community economic participation in a number of forms.

A total of \$12.2 Million has been authorized by management for the project development phase up to the time of the OEB's LTC decision. Incurred and committed costs to date are approximately \$4 Million, and Hydro One will curtail spending in the unfortunate event that our application is dismissed by the OEB.

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Indigenous Relations

Hydro One has been delegated the procedural aspects of the legal Duty to Consult by the Provincial Crown via the Ministry of Energy for the LSL project. As per this delegation, Hydro One is fully committed to undertake meaningful consultation and accommodation with all impacted Indigenous communities as identified by the Crown. Hydro One has requested to meet with all impacted Indigenous communities to discuss potential LSL project impacts, accommodation and opportunities, including economic participation such as procurement, training and employment. Hydro One would consider accommodation measures including, without limitation, equity participation with Indigenous communities as identified by the Crown, capacity funding to participate in the engagement process, procurement and subcontracting opportunities, job training, and employment opportunities. There has been good progress on initial consultation engagements, and Hydro One continues to reach out to all identified communities to understand their unique needs and opportunities to participate.

Due to exclusivity agreements established by NextBridge with the six directly impacted First Nations communities who make up Bankushwada LP, those communities have declined at this time our request to discuss accommodation measures such as economic participation. Hydro One continues to engage with them, and there has been some positive progress as of late.

We recently became aware that NextBridge is proposing to support the funding of the First Nations equity participation. Our current proposed economic participation, as approved by Hydro One Board of Directors in February 2018 was not premised on supporting the Bankushwada equity raise. We are reviewing this matter internally in order to evaluate alternatives and recommend an optimized course of action.

One of the concerns from Indigenous communities is the potential delay to construction start and project completion, and how that may negatively affect individuals and indigenous companies who are preparing for the project. Members of Indigenous communities are currently completing project-related skills training through a program developed by Supercom, NextBridge and others. Hydro One has been a vocal supporter of this program which will enable local participation in the project's success, regardless of who is designated to build and operate the project. Hydro One is committed to maximizing the employment of members from local Indigenous communities, including those who have received or who are currently completing project related skills training. In addition, Hydro One is in a unique position to provide lasting employment opportunities for skilled Indigenous workers throughout its network across the province, beyond the construction of the LSL Project.

Hydro One and its construction partner SNC-Lavalin (SNC) recognize the importance of having involvement and participation of Indigenous communities and businesses in the execution of the LSL Project. Hydro One and SNC have a proud history of inclusion through employment and procurement and will be actively including, in the procurement of goods and services, qualified Indigenous suppliers and companies who have strong relationships with local Indigenous communities and businesses.

The Métis Nation of Ontario has been critical of Hydro One's consultation approach with Métis peoples on this project. Hydro One is committed to engagement with the Métis, as well as considering what further potential economic participation on the project may look like. Despite the concerns expressed by the Métis Nation of Ontario (MNO), our team has had productive discussions with Métis communities that are independent of MNO. This engagement will continue as part of our Indigenous community engagement program notwithstanding the position of the MNO.

Environmental Approvals

One of the key issues that remain on the project is whether or not the Ministry of the Environment and Climate Change (MOECC) will permit Hydro One to utilize the Environmental Assessment (EA) work completed by NextBridge for approximately 80% of the route which is common with the Hydro One proposal. Hydro One's position is that the EA is a public document that can be utilized by Hydro One, subject to additional studies and consultation for differences in the two routes. While Hydro One cannot reproduce or distribute the NextBridge EA, Hydro One is entitled to reference it and rely on it at our own risk.

Hydro One has been regularly engaged with the MOECC since the Third Quarter of 2017 to understand options to obtain timely environmental approvals. Based on Hydro One's meetings with the MOECC, two options were identified to allow Hydro One to meet its EA obligations for the LSL Project; Option 1, a Declaration Order, or Option 2, an Individual Environmental Assessment. MOECC has confirmed, on numerous occasions and in writing, that both options are open to Hydro One, as they would be to any proponent under the *Environmental Assessment Act* (the Act). Hydro One is currently pursuing both options in parallel and is hopeful that either one would enable the planned construction start date of July 2019.

Option 1: Declaration Order: This option exempts a proponent from an Individual EA and is available if approved by the Minister of the Environment and Climate Change and then the Cabinet. (A Declaration Order is provided for under Section 3.2 of the Act and allows the Minister to declare that the Act, the regulations, or a matter provided for under the Act does not apply.)

Declaration Orders are usually considered when the proposal is in the public interest, potential environmental effects are likely to be minimal, and environmental impacts are already being adequately addressed. Having regard to these guidelines, the proposed LSL Project is a strong candidate for a Declaration Order for the following reasons:

- The proposal is in the public interest because of savings in excess of \$100 million in capital costs and additional \$3 million in annual operating costs;
- The environmental impacts of the LSL Project routing are expected to be minimal. In fact, the proposed LSL Project route reduces the linear distance of line proposed by NextBridge by approximately 50 km and reduces the required corridor width by approximately 50%; and
- Most of the environmental impacts of the proposed LSL Project will already be adequately addressed through the existing EA submitted by NextBridge, which assesses



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approximately 80% of the proposed Hydro One LSL Project route. Additional studies and consultation, which are currently being conducted by Hydro One, will address any differences between the proposed LSL Project and the NextBridge Project.

Hydro One expects to be in a position to request a Declaration Order no later than December 2018, by which time the NextBridge EA is expected to be approved. This would allow a construction start date in mid-2019 as per project plan.

Option 2: Individual EA: Hydro One continues to believe that a Declaration Order is an appropriate regulatory measure for Hydro One's LSL Project, as it avoids the unnecessary cost and duplication associated with completion of an Individual EA and considers the interest of electricity customers and the Province. However, in the event that a Declaration Order is not granted, Hydro One has commenced an Individual EA in parallel and is working to a plan that would allow the Individual EA process to be completed by July 2019 for the sections which differ from the NextBridge route, in time for the planned start of construction.

Project Next Steps

We anticipate a decision from the OEB in the coming weeks regarding whether Hydro One's LTC application will be allowed to proceed. If it is allowed to proceed, the OEB will outline a process for full evidentiary discovery and a hearing of both the NextBridge and Hydro One LTC applications.

Lake Superior Link

Greg Kiraly

SUMMARY OF TOPIC / ISSUE

<p>SITUATION OVERVIEW</p>	<ul style="list-style-type: none"> ▪ The East-West Tie is a 400km long 230kV transmission line project initiated in 2012 as Ontario’s first competitive process for transmission development. Hydro One submitted a Leave to Construct (LTC) application to the Ontario Energy Board (OEB) in February 2018 to design/build/own, which Hydro One renamed the Lake Superior Link (LSL). ▪ Our LTC application is in competition with NextBridge, whose costs have escalated over \$300M from 2013 submission. ▪ Hydro One’s proposal to develop and build the LSL is projected to cost \$636M, which, if successful, would add approx. \$15M to net income. ▪ Hydro One LTC application provides Ontario rate payers with over \$100 M savings in capital costs plus \$3M reduction in annual operating costs, as compared to the NextBridge submission. Our projected completion is up to 12 months later than NextBridge. ▪ Hydro One is engaging with Indigenous Communities (ICs) as part of delegated authority to consult and accommodate; in time, economic participation conversations are anticipated to enable equity partnership with ICs in the order of 34%. ▪ On July 19th, the OEB dismissed a motion filed by NextBridge to have OEB reject Hydro One’s LTC application. ▪ The regulatory process is on-going with the OEB. Additional evidentiary discovery and hearings are anticipated to carry through Q4 2018. 									
<p>RISKS & CONSIDERATIONS</p>	<ul style="list-style-type: none"> ▪ Uncertain process through OEB review, as this project is the first with two competing LTC applications. ▪ OEB has requested IESO to assess and monetize impact to power system and customers of a delay in project completion to 2021 as per Hydro One submission, and also as far out as to 2024. Potentially beneficial to Hydro One. ▪ NextBridge has been consulting with Indigenous Communities for several years, and has established economic participation agreements with many. This is adding stress to relationships with some communities given their concern around losing momentum and committed benefits. Potential for continued delays re engagement and accommodation, may affect project viability & schedule however good progress has been made in past several weeks. ▪ Approved expenditure to-date: \$12.2M; incurred and committed: \$4M; pursuit costs will be write-off if not successful. 									
<p>DECISIONS & NEXT STEPS</p>	<p>KEY DECISIONS REQUIRED</p> <ul style="list-style-type: none"> • Environmental Assessment (EA) approval from the provincial Ministry of Environment, Conservation and Parks anticipated July 2019. Two parallel processes underway for EA submission and approval to minimize risk. 	<p>NEXT STEPS / UPCOMING MILESTONES</p> <ul style="list-style-type: none"> • In midst of consultation with 18 Indigenous Communities as part of delegated duty to consult and accommodate. • EA studies on-going with plan to submit to Ministry of Environment, Conservation and Parks. • Engineering and procurement activities on-going. <table border="0" data-bbox="1108 1128 1839 1252"> <tr> <td>Anticipated OEB decision</td> <td>Q4 2018</td> </tr> <tr> <td>Planned EA approval</td> <td>July 2019</td> </tr> <tr> <td>Planned construction start</td> <td>July 2019</td> </tr> <tr> <td>Planned in-service</td> <td>Dec. 2021</td> </tr> </table>	Anticipated OEB decision	Q4 2018	Planned EA approval	July 2019	Planned construction start	July 2019	Planned in-service	Dec. 2021
Anticipated OEB decision	Q4 2018									
Planned EA approval	July 2019									
Planned construction start	July 2019									
Planned in-service	Dec. 2021									

1 **ONTARIO ENERGY BOARD**

2
3 **In the matter of** the *Ontario Energy Board Act, 1998*;

4
5 **And in the matter of** an Application by Hydro One Networks Inc. pursuant to s. 92 of the
6 *Act* for an Order or Orders granting leave to construct new transmission facilities (“Lake
7 Superior Link”) in northwestern Ontario

8
9 **And in the matter of** an Application by Hydro One Networks Inc. pursuant to s. 97 of the
10 *Act* for an Order granting approval of the forms of the agreement offered or to be
11 offered to affected landowners

12
13 **APPLICATION**

14
15 The Applicant is Hydro One Networks Inc. (“Hydro One”), a subsidiary of Hydro One Inc.
16 Hydro One is Canada’s largest electricity transmission and distribution service provider -
17 transmitting and distributing electricity across Ontario. Hydro One’s history of providing
18 the residents and businesses of Ontario with reliable electricity service dates back over
19 110 years to 1906, when the Ontario Legislature enacted the *Power Commission Act*,
20 establishing the then Hydro-Electric Power Commission of Ontario.

21
22 Hydro One Inc.’s transmission business consists of the transmission system owned and
23 operated by Hydro One, a 66% interest in B2M Limited Partnership (“B2M LP”), a limited
24 partnership between Hydro One Inc. and the Saugeen Ojibway Nation in respect of the
25 Bruce-to-Milton transmission line, and Hydro One Sault Ste. Marie LP, which owns and
26 operates transmission facilities located on the eastern shore of Lake Superior, north and
27 east of Sault Ste. Marie, Ontario. These interests account for over 98% of Ontario’s
28 transmission capacity.

1 Hydro One's distribution businesses distribute electricity to over 1.3 million residential
2 and business customers, covering approximately 75 per cent of the geographic area of
3 Ontario, including Northern Ontario. Hydro One also distributes electricity to 21
4 communities in the most northern parts of the province. These remote communities
5 are isolated and scattered, some accessible only by aircraft.

6

7 This leave to construct application is being brought forward by Hydro One's
8 transmission business. For the remainder of this Application, Hydro One's transmission
9 business will be referred to as Hydro One for ease of reference.

10

11 Hydro One is proposing to build the Lake Superior Link for \$636.2M with ongoing OM&A
12 costs of \$1.5M. Relative to the alternative proposal currently before the Board, this
13 Project provides the following benefits to ratepayers:

14

- Capital savings of \$120M;
- Annual OM&A savings of \$3.2M;
- Average annual revenue requirement savings of \$13M; and
- Network pool rate savings of \$0.06/kw/month

15

16

17

18

19 These high-level financial benefits as well as other socio-economic and environmental
20 benefits of this Project are discussed throughout this Application.

21

22 **1.0 POLICY, DIRECTION & OEB STATUTORY OBJECTIVES**

23

24 EB-2010-0059, the OEB Policy: Framework for Transmission Project Development Plans
25 (the "Policy") articulates that competition in transmission in Ontario supports economic
26 efficiency for the benefit of ratepayers.

27

1 *In developing this policy, the Board is guided by its objectives in relation*
 2 *to the electricity sector under the Ontario Energy Board Act, 1998 (the*
 3 *“OEB Act”). Of particular relevance in this instance are the objectives of*
 4 *protecting the interests of consumers with respect to price, quality and*
 5 *reliability of electricity supply and facilitating economic efficiency in the*
 6 *development of the transmission system including the maintenance of a*
 7 *financially viable electricity industryWithin the context of transmission*
 8 *investment policy, economic efficiency can be understood to mean*
 9 *achieving the expansion of the transmission system in a cost effective and*
 10 *timely manner to accommodate the connection of renewable energy*
 11 *sources*¹

12
 13 The assessment of how all Ontario ratepayers fund the overall needs of the Ontario
 14 transmission system is critical to the OEB statutory objective of protecting the interests
 15 of customers with respect to prices, and the reliability and quality of electricity service.

16
 17 The Ontario Government issued an Order-in-Council (see **Exhibit B, Tab 1, Schedule 1,**
 18 **Attachment 1**) in March 2016, declaring that the East-West Tie Project is needed as a
 19 priority project. The Hydro One Lake Superior Link Project that is the subject of this
 20 Application substantially² satisfies the needs identified by the Order-in-Council³:
 21 specifically, the necessary expansion of Ontario's transmission system in order to
 22 maintain a reliable and cost-effective supply of electricity in the Province's Northwest,
 23 increase operational flexibility, reduce congestion payments and remove a barrier to
 24 resource development in the region.

¹ EB-2010-0059 – OEB Policy: Framework for Transmission Project Development Plans – August 26, 2010 – Page 3

² Hydro One will not meet the Order-in-Council’s recommended in service date of 2020. See Exhibit B, Tab 11, Schedule 1 for further details.

³ Exhibit B, Tab 1, Schedule 1, Attachment 1

EB-2017-0364

EXHIBIT B, TAB 1, SCHEDULE 1

February 15, 2018

1 The Policy contemplates that another transmitter may bring a leave to construct
2 application for a different project that meets the same need in a better way⁴. Hydro
3 One's Lake Superior Link Project will ensure that the transmission system needs of
4 Ontario are met, as Hydro One has done for well over 100 years and will do so by saving
5 Ontario ratepayers on average \$13 million in annual revenue requirement charges
6 relative to the NextBridge proposal. Hydro One forecasts that its capital and OM&A
7 costs will be, respectively, \$120 million and \$3.2 million per year⁵ lower than
8 NextBridge's costs. These reduced costs are materialized by a narrower and shorter
9 route alternative and by using Hydro One's existing OM&A processes and infrastructure.
10 Further, Hydro One's existing facilities allows Hydro One to minimize the necessary
11 corridor width for the Lake Superior Link Project and provides Hydro One the ability to
12 go through Pukaskwa National Park, thus reducing development of greenfield areas
13 which is well-aligned with Ontario's Provincial planning objectives. In totality, this
14 Application not only provides these significant environmental benefits, but also
15 illustrates that pursuing the Lake Superior Link Project facilitates economic efficiency in
16 the development of the transmission system, consistent with the intent of the Policy.
17 Hydro One, as the owner of the existing EWT line, can add substantial value to this
18 Project that will benefit both the environment and Ontario ratepayers, as such the
19 company, sees an opportunity to submit a leave to construct application to the OEB
20 seeking approval to construct the Project.

21

22 Hydro One is applying to construct, own, and maintain the new high voltage
23 transmission line, the Lake Superior Link Project, stretching from Hydro One's Wawa
24 Transformer Station ("TS") in Wawa, Ontario, to Hydro One's Marathon TS in Marathon,
25 Ontario, and ultimately terminating at Hydro One's Lakehead TS near Thunder Bay,

⁴ EB-2010-0059 - OEB Policy: Framework for Transmission Project Development Plans – August 26, 2010 – Page 17

⁵ EB-2017-0182 – Exhibit I.B.NextBridge.STAFF.30 – January, 25, 2018 - Savings is relative to the updated NB OM&A costs of \$4.7M per year identified in this interrogatory response-

1 Ontario. The new high-voltage line is required to be double circuit, 230kV and have a
 2 total transfer capacity of 450MW by 2020 rising to 650MW when the need arises.
 3 Further information on the need for this Project is provided in **Exhibit B, Tab 3, Schedule**
 4 **1** including the latest Needs Assessment Review completed by the IESO⁶.

5

6 **2.0 BACKGROUND**

7

8 In 2012, the OEB initiated a competitive proceeding to designate an electricity
 9 transmitter to undertake the development work for the new East-West Tie Line. Six
 10 transmitters, including EWT LP, a partnership⁷ of Hydro One Inc., Great Lakes Power
 11 Transmission EWT LP, and Bamkushwada LP, applied to complete the development
 12 work associated with this line. In 2013, Upper Canada Transmission, Inc. [operating as
 13 NextBridge Infrastructure (“NextBridge”)] was chosen as the proponent to complete the
 14 development work of the new transmission line based on an indicative price to build the
 15 line and other conditions, including a forecast price for the development work.

16

17 As part of the development work, NextBridge proceeded with the preparation and
 18 completion of an Individual Environmental Assessment (“Individual EA”) under Ontario’s
 19 *Environmental Assessment Act*, which is still awaiting Ministry of Environment and
 20 Climate Change (“MOECC”) approval. In parallel, NextBridge has also applied to the OEB
 21 for leave to construct the East-West Tie Line⁸.

22

23 Hydro One, as the incumbent transmitter and owner of the existing East-West Tie line,
 24 has always had an interest in the development of this line. Hydro One has been
 25 following the development work associated with this Project closely. NextBridge’s leave

⁶ Exhibit B, Tab 2, Schedule 1, Attachment 2

⁷ This partnership has since been dissolved, but Hydro One Networks Inc., owned by Hydro One Inc., is making this leave to construct application to benefit all Ontario ratepayers.

⁸ EB-2017-0182

1 to construct application requests approval for costs to construct the East-West Tie Line
2 that substantially exceed the costs submitted by NextBridge in the designation
3 proceeding. NextBridge's Application and quarterly reporting also indicates that
4 development costs are expected to increase by an additional \$20.4⁹ million over the
5 \$22.4 million allowed in the designation process. As a result of what the Minister of
6 Energy described as a "significantly higher" cost estimate filed with the OEB by
7 NextBridge, the Ministry of Energy asked the IESO to update the Needs Assessment of
8 the Project¹⁰ and confirm whether the Project is still needed. In light of the disclosure of
9 NextBridge's substantially higher cost to construct the designated line, Hydro One felt
10 compelled, on behalf of Ontario's ratepayers, to assess its own ability to construct a
11 more cost-effective solution. On December 1, 2017 the IESO reconfirmed the need for
12 the East West Tie line¹¹.

13

14 As the line is still required, Hydro One believes it can construct it in a more economically
15 efficient manner. Hydro One is confident in its ability to deliver the Project for \$120
16 million less than NextBridge's submitted price primarily due to a more efficient route
17 which is 10% shorter, traversing through the Pukaskwa National Park parallel to existing
18 Hydro One infrastructure as well as an optimized tower design to reduce material and
19 construction costs. In addition to the forecast cost savings, the Lake Superior Link is
20 expected to have significantly less impact on land use and environmental conditions in
21 northwestern Ontario than the alternative, consistent with government policies.

⁹ EB-2015-0216 NextBridge EWT Monthly Report – October 23, 2017 – Page 8, Table 1: Development costs are now estimated at \$42,768,001

¹⁰ Exhibit B, Tab 3, Schedule 1, Attachment 1

¹¹ Exhibit B, Tab 2, Schedule 1, Attachment 2

1 **3.0 Description and Benefits of Lake Superior Link Project**

2
3 **3.1 Project Description**

4
5 As described in **Exhibit B, Tab 2, Schedule 1**, Hydro One has divided the Lake Superior
6 Link Project into two geographic segments: Lakehead to Marathon and Marathon to
7 Wawa.

8
9 Section 1: Lakehead - Marathon Transmission Line

- 10 • Hydro One will install a new 235 km, 230 kV double-circuit transmission line on a
11 new ROW generally parallel to the existing Hydro One 230 kV transmission line
12 with the exception of a 57 km greenfield bypass around the communities of Loon
13 Lake and Dorion, with a summer rating of 1120 Amperes (466 Megavolt Ampere
14 at 240 kV operating voltage) per circuit;
- 15 • Hydro One will also install an Optical Ground Wire (“OPGW”) and alumoweld
16 skywire on the new transmission line.

17
18 Hydro One will move a 2-3 km length of Hydro One’s existing 115 kV Marathon-Terrace
19 Bay transmission line T1M, at two locations (one located about 23 km, and the other
20 about 38 km, west of Marathon TS) away from the existing 230 kV line, to avoid crossing
21 the new 230 kV Wawa-Marathon transmission line. These relocated sections will
22 maintain their configuration and conductors post-relocation. In the future, when the
23 need for 650 MW east-west transfer capability materializes, Hydro One will upgrade
24 sections of the existing 115 kV Alexander-Aguasabon transmission line A5A and
25 Marathon-Terrace Bay transmission line T1M by modifying the cross-arms and/or
26 insulators on some of the structures of these two lines.

1 Section 2: Marathon - Wawa- Transmission Line

- 2 • For two sections of the line outside Pukaskwa National Park, Hydro One will
3 install a new 230 kV double-circuit transmission line, 133 km in total, on a new
4 Right-Of-Way (“ROW”) parallel to the existing Hydro One 230 kV transmission
5 line, with the summer rating of 1120 Ampere (466 MegaVolt Ampere at 240 kV
6 operating voltage) per circuit;
- 7 • For the section inside Pukaskwa National Park, Hydro One has engaged in
8 preliminary discussions regarding the Lake Superior Link route with Parks
9 Canada, who currently have no objections to Hydro One’s proposed route, and
10 have agreed to work with Hydro One on environmental impact mitigation and
11 approvals moving forward. Hydro One is proposing to convert approximately 35
12 km of the existing 230 kV double-circuit transmission line by upgrading to a four-
13 circuit transmission line (replace the existing double circuit towers with four
14 circuit guyed towers and add conductors and insulators for the two new circuits)
15 on the existing ROW, with the summer rating of 1120 Amperes (466 MV and 240
16 kV operating voltage) for each of the new circuits;
- 17 • Hydro One will also install an OPGW and alumoweld skywire on the new and
18 converted sections of the transmission line.

19

20 The proposed in-service date of the Lake Superior Link Project is December 2021,
21 assuming a construction commencement date of July 2019¹². Hydro One understands
22 that the Order-in-Council requested an in-service date of December 2020; however,
23 Hydro One believes that the benefits that will be described throughout this Application
24 are significant enough to ratepayers to substantiate a one-year delay. Hydro One
25 believes that, considering the low probability of coincidental events resulting in a
26 capacity shortfall, this delay is manageable through existing operational practices.

¹² Contingent upon receiving all necessary approvals, including MOECC and OEB.

1 Further information on this, as well as on the Project schedule, is provided at **Exhibit B,**
 2 **Tab 11, Schedule 1.**

3

4 **3.2 Project Route and Land Rights**

5

6 The route Hydro One is proposing to follow for this Project is generally similar to that
 7 proposed by NextBridge in that it begins outside Hydro One’s Lakehead TS, then crosses
 8 or travels close by the municipalities/townships of Thunder Bay, Shuniah, Red Rock,
 9 Nipigon, Schreiber, Terrace Bay, Marathon, Pays Plat First Nation, to the Marathon TS,
 10 and then continues on through Marathon, Algoma, Wawa, and Michipicoten First
 11 Nation before terminating at Wawa TS. The most notable deviation between the two
 12 routes is that Hydro One will be using its existing ROW and infrastructure to avoid any
 13 greenfield construction around Pukaskwa National Park. This will result in a total line
 14 reduction of approximately 45km which reduces the capital costs of the Project and
 15 contributes to the cost savings realized by pursuing the Lake Superior Link Project –
 16 ultimately to the benefit of ratepayers. Please see **Exhibit, C, Tab 1, Schedule 1** for
 17 further information.

18

19 Additionally, Hydro One’s proposed route will make use of Hydro One’s existing land
 20 rights that go through Pukaskwa National Park and will therefore not impact any
 21 landowners in the Township of White River. Any land rights that need to be negotiated
 22 will be done by using the forms provided in **Exhibit E, Tab 1, Schedule 1** of this
 23 Application. As a result, this Application is also requesting approval of the forms of the
 24 agreement offered or to be offered to affected landowners, pursuant to s. 97 of the Act.
 25 These agreements are in the same form as previously approved by the OEB in recent
 26 leave to construct applications¹³.

¹³ EB-2013-0053, EB-2013-0421, EB-2016-0325,

1 **3.3 Environmental Benefits and Status**

2

3 NextBridge has filed an Individual EA with the MOECC and is preparing to submit an EA
 4 amendment. In order for Hydro One to deliver the Project in 2021 at the cost included
 5 in this Application, it would be necessary for Hydro One and MOECC to work
 6 collaboratively to implement a regulatory measure such as a Cabinet exemption to
 7 typical EA requirements. This regulatory measure would allow Hydro One to utilize the
 8 EA-specific development work, already completed by NextBridge, and address changes
 9 in the proposed route through additional study, consultation and regulatory approval.

10

11 The Policy ensured recovery of the designated transmitter’s development budget as
 12 approved in its initial proposal. In providing this assurance, the OEB indicated that the
 13 burden is on Ontario ratepayers to fund this cost if for some reason the designated
 14 transmitter does not in fact construct the project.

15

16 *If a designated transmitter had development costs but did not construct the*
 17 *facilities, those costs could be converted into a regulatory asset for rate recovery.*
 18 *The regulatory asset would create a revenue requirement that would be added to*
 19 *the total provincial transmission revenue requirement and included in the*
 20 *calculation of the UTR. Then, the IESO would bill all transmission customers,*
 21 *collect the revenues and remit the appropriate amount to the designated*
 22 *transmitter¹⁴.*

23

24 Hydro One submits that since this asset (the development work) is now in principle
 25 owned by all transmission customers, and since the Lake Superior Link Project will
 26 provide substantial benefit to those same customers, the Individual EA and associated
 27 studies, which will ultimately be paid for by Ontario ratepayers, should be made
 28 available for use by the transmitter whose leave to construct application is approved.

¹⁴ EB-2010-0059 - OEB Policy: Framework for Transmission Project Development Plans – August 26, 2010 – Page 21

1 Hydro One's application provides many environmental benefits in addition to providing
2 economic benefits. The environmental benefits are discussed in **Exhibit C, Tab 1,**
3 **Schedule 1.**

4

5 **3.4 Project Costs and Ratepayer Benefit**

6

7 Hydro One's forecast cost to complete the Lake Superior Link Project is \$636.2 million as
8 compared to NextBridge's forecast cost of \$757.3 million (\$779.7¹⁵ million less \$22.4
9 million development costs approved in the designation hearing). Details on the cost
10 components of this Project are included in **Exhibit B, Tab 7, Schedule 1.** In addition to
11 the capital cost savings, ongoing OM&A costs are forecast to be \$1.5 million annually as
12 compared to NextBridge's \$4.7 million annually. Together, these cost savings provided
13 by Hydro One allow Ontario ratepayers to save on average approximately \$13 million
14 annually on Network Pool Transmission charges (see **Exhibit B, Tab 9, Schedule 1** for
15 further detail on Project Economics).

16

17 **3.5 Indigenous and Community Communications**

18

19 Hydro One recognizes the importance of First Nation and Métis engagement in
20 connection with the Project. Hydro One has strong existing relationships with these
21 Indigenous Communities across the Province including the six directly impacted First
22 Nation communities. Hydro One has a well-established engagement process, outlined in
23 **Exhibit H, Tab 1, Schedule 1,** which will be implemented if Hydro One is designated to
24 construct the line. Hydro One will explore and discuss various participation benefits
25 with the impacted Indigenous Communities, including equity partnerships. Hydro One
26 does not want to interfere with any contracts entered into between First Nations and

¹⁵ Construction Cost of \$736.97M + Development \$42.77M)

1 NextBridge for land rights. As such, Hydro One requests that upon approval of this
2 Application, that the OEB allows Hydro One a minimum of 45 days to negotiate any
3 necessary agreements with Indigenous Communities.

4
5 Hydro One believes that engaging the local community and understanding local
6 concerns is crucial to the success of a capital project. Once this Application is filed with
7 the OEB, Hydro One will initiate its consultation process as described in **Exhibit H, Tab 1,**
8 **Schedule 2.**

9
10 **3.6 Other**

11
12 Information on the status of the System Impact and Customer Impact Assessments is
13 found in **Exhibit F, Tab 1, Schedule 1** and **Exhibit G, Tab 1, Schedule 1** respectively.

14
15 This Application is supported by written evidence which includes details of the
16 Applicant's proposal for the transmission station work. The written evidence is prefiled
17 and may be amended from time to time prior to the Board's final decision on this
18 Application.

19
20 Given the information provided in the prefiled evidence, Hydro One submits that the
21 Project is in the public interest. The East-West Tie Line is a Government of Ontario
22 priority project to support expansion of transmission infrastructure in northwestern
23 Ontario.

24
25 Hydro One requests a written hearing, in English, for this proceeding. Hydro One
26 requests that a decision on this Application be provided by October, 2018.

27 Hydro One requests that a copy of all documents filed with the Board be served on the
28 Applicant and the Applicant's counsel, as follows:

29

- 1 a) The Applicant:
2
3 Eryn MacKinnon
4 Sr. Regulatory Coordinator
5 Hydro One Networks Inc.
6
7 Mailing Address:
8
9 7th Floor, South Tower
10 483 Bay Street
11 Toronto, Ontario M5G 2P5
12
13 Telephone: (416) 345-4479
14 Fax: (416) 345-5866
15 Electronic access: regulatory@HydroOne.com
16
17 b) The Applicant's counsel:
18
19 Michael Engelberg
20 Assistant General Counsel
21 Hydro One Networks Inc.
22
23 Mailing Address:
24
25 8th Floor, South Tower
26 483 Bay Street
27 Toronto, Ontario M5G 2P5
28
29 Telephone: (416) 345-6305
30 Fax: (416) 345-6972
31 Electronic access: mengelberg@HydroOne.com

1 **OEB Staff Interrogatory # 11**

2
3 **Reference:**

4 EB-2017-0364 Evidence, Hydro One's Application filed on February 15, 2018, Exhibit B, Tab 7,
5 Schedule 1, Page 1 and 3

6 Hydro One's Development Cost Estimates

7
8 Hydro One stated that the development costs are estimated at approximately \$12.2 million and
9 that the forecast is based on an October 2018 approval date.

10
11 **Interrogatory:**

12 a) Please provide an updated development cost estimate in the event that OEB approval is
13 received by end of November, or December 2018, respectively.

14
15 b) Please elaborate how the response in part (a) would change Hydro One's overall project
16 budget and completion date.

17
18 c) Does Hydro One have monthly or quarterly development cost estimates including major
19 components? If so, please provide those current estimates.

20
21 **Response:**

22 Prior to responding to these interrogatories, Hydro One would like to inform the OEB that the
23 Project cost estimate has been updated to reflect current information. Please also note that Hydro
24 One's updated development costs include costs up to the OEB's decision on Hydro One's Leave
25 to Construct application projected for January 2019, whereas in the original application in
26 February, there was a projection of an October 2018 decision on the application.

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Tab 1

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DEVELOPMENT COSTS

The Project development costs provided at Exhibit B, Tab 7, Schedule 1, have been amended in as follows in Table 1 below:

Table 1 – Development Cost (\$ thousand)		
	February 2018	September Update
Real Estate	\$3,813	\$3,442
Engineering & Design	\$2,034	\$4,317
Environmental Approvals	\$1,949	\$4,328
Regulatory & Legal	\$1,782	\$528
First Nations & Métis Consultation	\$983	\$1,990
Project Management	\$138	\$264
Other Consultations	\$217	\$423
Interest	\$100	\$195
Overhead	\$1,200	\$1,485
Total Development	\$12,215	\$16,972

These development cost have been updated to account for various changes that have occurred since Hydro One filed its leave to construct application in February of 2018.

Real Estate Costs – Development Phase

Real Estate activities have been progressing favourably, generally in accordance with plan, but slightly behind schedule. The development costs have decreased by (\$0.37 million). At the outset, there was an approximate 8 week delay in contracting for field property agent services. In addition there was an approximate 4 week delay in establishing meaningful property owner contacts to launch direct field activities. These delays have contributed to the under expenditures to plan through a delayed offer process.

Engineering & Design Costs – Development Phase

Engineering and Design Development cost have increased by \$2.30M due to the Development phase being shifted from previously assumed LTC approval dated October 2018 to the now assumed approval in January 2019. The total Engineering and Design cost, including both Development and Construction phase costs, has increased by (\$0.75M) Consequently Construction Management, Engineering, Design and Procurement costs have been decreased in the Construction phase.

1
2 The extra work to be done in Development phase encompasses:

- 3
- 4 • Engineering survey of tower and foundation in Pukaskwa Nation Park
 - 5 • Engineering work required to initiate geotechnical work in the field
 - 6 • Engineering work required to define extent of construction permits
 - 7 • Engineering work required so that firm offers can be obtained for fabrication and testing of tower prototypes.
- 8

9 *Environmental Approvals Costs – Development Phase*

10

11 The increase in Environmental Approvals development costs of approximately \$2.4M can be
12 attributed predominately to the following:

- 13
- 14 • inclusion of some contingency costs in the updated cost, as the risk has been realized, (\$150K); and,
 - 15 • increases in approach to environmental approvals and scope of studies and consultation (\$2.2 million).
- 16

17
18 Contingency costs realized of \$150K in the updated cost included additional activities identified
19 as potentially being required based on a very narrow scope of an EA amendment.

20

21 Additional costs attributed to changes in approach to environmental approvals and scope of
22 studies and consultation include:

- 23
- 24 • additional Stage 2 archaeology costs as differences in tower locations between NextBridge and Hydro One designs became evident after additional studies were completed along the route for tower siting
 - 25 • a portion of the cost of the Parks Canada Detail Impact Assessment. Although either a basic or detailed impact assessment is expected under CEAA, no additional cost was originally included in the budget for this, as Parks Canada indicated they would allow use of Hydro One's provincial EA documentation for review. However, this is now not the case (as conveyed in July 2018 communication letter provided in Exhibit I, Tab 1, Schedule 14) due to the more complicated scope and the addition of the Dorion route in the Hydro One IEA, as outlined in the ToR
 - 26 • a portion of the cost of the Dorion Route Alternatives. There were changes in the scope of the Declaration Order/EA that resulted from the addition of the Dorion route alternative. This increased costs for consulting, additional meetings, stakeholder consultation, reporting, travel, and various studies (eg., additional visual assessment and
- 27
28
29
30
31
32
33
34
35
36

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1 simulation around Dorion, biological, human health, cultural heritage, socio economic
2 etc.)

- 3 • a portion of about the cost of conducting an Individual EA Process concurrently with the
4 Declaration Order approach. Based on MECP feedback, the Individual IEA Process has
5 been undertaken in parallel with the Declaration order process. This results in additional
6 costs to cover the IEA process, the ToR, the increased scope and study area and different
7 processes. These cost include additional labour, consulting costs (studies for biological,
8 human health, cultural heritage, socio-economic etc.), disbursements for meetings,
9 consultations, documentation, reporting, travel.

10
11 *Regulatory & Legal Costs – Development Phase*

12
13 Regulatory and legal costs have decreased (-\$1.3M) as the original budget was based on the
14 assumption that the OEB hearings were going to be held in Thunder Bay, increasing both
15 internal, regulator, and intervenor funding costs. Additionally, with the combined hearing,
16 Hydro One now assumes that the OEB will follow a similar cost sharing approach that was
17 utilized in the NextBridge Motion to Dismiss Hearing where both transmitters will be
18 responsible for funding the procedural costs of the hearing.

19
20 *Indigenous Consultation Costs – Development Phase*

21
22 The Indigenous consultation estimate has increased by (\$1 million), which is a function of
23 increased consultation given the Environmental Assessment scope has changed from the
24 Declaration order to an Individual EA, as well as risks that have materialized and hence been
25 removed from project contingency. Although the preferred option remains the Declaration order,
26 the additional studies and resources required for an Individual EA have led to an increase in the
27 Indigenous Consultation budget to allow for the Indigenous communities to be meaningfully
28 consulted on the Project, including the EA. Also related to the change in the EA scope, Hydro
29 One is required to meet with 18 Indigenous communities and the Métis on a more frequent basis
30 than originally budgeted for. In addition, the following four Indigenous communities have
31 expressed an interest in the project and Hydro One has engaged them. Métis Nation of Ontario -
32 North Channel Métis Council, Métis Nation of Ontario – Historic Sault St. Marie Council,
33 Jackfish Métis Association, and the Ontario Coalition of Indigenous Peoples. Hydro One is
34 required to consult with any Indigenous community that expresses an interest on the Project,
35 hence the need for additional resources to accommodate the interest of these additional four
36 communities.

1 Additional costs are also associated with the need for further consultation with two of the First
2 Nations who have a real estate permit interest in the Project. Pays Plat and Michipicoten First
3 Nation have existing on reserve real estate permits that require negotiations which leads to
4 additional costs.

5
6 Hydro One's Indigenous Consultation project costs were developed in absence of the delegation
7 letter from the Crown (Hydro One requested it in November 2017 but did not receive until
8 March 2018) with regards to consultation and therefore had to be amended to reflect delegation
9 from the Crown. Hydro One anticipated that the Ministry of Energy would identify the depth of
10 consultation required for each of the 18 Indigenous communities and assumed that the 6 BLP
11 communities would be identified as requiring deeper consultation. Although this is something
12 the Ministry of Energy is required to provide as part of its MOU with Hydro One regarding
13 consultation on projects, the March 2, 2018 delegation letter identified all 18 Indigenous
14 communities as "rights-based" and therefore Hydro One was not provided with depth of
15 consultation required for each community but instead was directed to consult with all Indigenous
16 communities equally. This leads to additional time and costs than what was included in the
17 original Indigenous Consultation estimate.

18
19 *Project Management Costs – Development Phase*

20
21 Project Management cost have increased (\$0.1M) due to Development phase being shifted from
22 previously assumed LTC approval in October of 2018 to now assumed approval in January of
23 2019.

24
25 *Other Consultation Costs – Development Phase*

26
27 Other consultation costs have increased by \$0.2M due to the requirement to consult on the
28 Dorion Route alternative.

29
30 *Interest During Construction & Overhead Capitalization – Development Phase*

31
32 Interest during construction and overhead capitalization costs were initially budgeted and spread
33 among the various cost items provided in Table 2 of Exhibit B, Tab 7, Schedule 1. Hydro One
34 has a standard methodology for allocation of interest and applies an overhead capitalization rate
35 to all its projects to account for non-direct staff's time working on capital projects. This
36 overhead rate is determined by spreading a portion of overhead staff across budgeted capital
37 projects. In this update, we have shown both of these numbers as separate line items. The

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1 increase in costs (\$0.4M) are a function of timing and the increase in the cost update as provided
2 above.

3
4 **CONSTRUCTION COSTS**

5
6 The Project costs provided at Table 3 of Exhibit B, Tab 7, Schedule 1 for Project Costs have
7 been amended as follows in Table 2.

8

Table 2 – Construction Costs (\$ thousand)		
	February 2018	Sept. Update
Construction	354,030	355,530
Site Clearing, Preparation & Site Remediation	104,339	104,339
Material	58,713	58,713
Project Management	5,802	6,085
Other Costs	9,451	9,451
Construction Management, Engineering, Design & Procurement	17,828	16,304
Real Estate	9,798	10,558
First Nations & Métis Consultations	1,133	3,615
Environmental Approval	819	2,423
Other Consultations	160	30
Contingency	10,775	5,401
Interest During Construction (“IDC”)	42,596	43,845
Overhead	8,502	8,506
Total Construction Cost	623,946	624,800

9
10 *EPC Construction Costs: (Construction; Site Clearing; Material; Other costs; Construction*
11 *Management, Engineering Design & Procurement)*

12
13 Construction Management, Engineering, Design & Procurement cost has decreased (-\$1.5M) due
14 to Construction phase being shifted from assumed November 2018 to now assumed February
15 2019 and associated planned costs being allocated to the Development phase.

16
17 The overall cost for the fixed-price EPC contract has not changed, across the development and
18 construction phases. Through further development work on the project, it was identified by
19 Hydro One that some relocation costs for the T1M section of line were not included in the total
20 project estimate although they are included in the scope of EA activities. They have since been
21 added into the Construction phase of the project at \$1.5 million. Of note, these costs are also not

1 included in the NextBridge application, and should be borne by the transmitter selected to
2 construct the project.

3 *Real Estate Costs – Construction Phase*

4
5 The cost increase for Construction of \$0.8M to the Original Application Estimated is attributable
6 to the delays outlined in the Development Costs rationale for Real Estate above.

7
8 *Project Management Costs – Construction Phase*

9
10 Project Management cost in Construction phase have increased slightly (\$0.3M) through this
11 phase.

12
13 *Indigenous Consultation Costs – Construction Phase*

14
15 Certain costs during the construction phase of the Project have been identified to have increased,
16 such as First Nations and Métis costs and Environmental Approval costs. However, these costs
17 have been off-set by the reduction in Hydro One's contingency costs. The rationale for these
18 increased costs are explained in the section above that deals with development costs.

19
20 *Environmental Approval Costs – Construction Phase*

21
22 The increase in Environmental Approval costs during the Construction phase of approximately
23 \$1.6 million can be attributed to a number of factors including:

- 24 • \$890K in contingency costs expected to be realized during the construction phase for
25 post-EA work such as permitting and additional approvals;
- 26 • changes in the approach to environmental approvals, scope of studies and consultation as
27 a result of these activities continuing past the LTC date (approximately \$714K). These
28 items include: Parks Canada Detail Impact Assessment, Dorion Route Alternatives
29 studies, and conducting the Individual EA Process concurrently with the Declaration
30 Order approach. These additional scope activities are all described in the Development
31 Phase Environmental Approval cost increases above.

32
33 *Contingency – Construction Phase*

34
35 Estimated contingency has been reduced (-\$5.4M) due to a number of risks being materialized,
36 mostly related to Environmental Approval and Indigenous Consultation. Interest during

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1 construction and contingency cost have been updated to reflect the changes in the updated
 2 construction costs provided above.

3
 4 Hydro One’s total Project costs are now approximately \$642M, an increase of less than 1% from
 5 the original filing and still considerably less than the original NextBridge estimate of \$777M.

6 a) An updated development cost estimate is provided as Table 3 of this response. Hydro One
 7 now expects that LTC approval will be obtained by the end of January, 2019. If approval is
 8 received by end of November or end of December, refer to Figure below for expected
 9 development costs.

10

Table 3 - Life to Date & Forecast Development Cost (\$000s)							
	Feb 15, 2018 (S.92)¹	Life to Date (31/08/2018)	End of Sept 2018	End of Oct 2018	End of Nov 2018	End of Dec 2018	End of Jan 2019
Real Estate	3,813	1,235	1,735	2,235	2,735	3,035	3,442
Engineering and Design	2,034	1,277	1,523	2,234	2,798	3,202	4,317
Environmental Approval	1,949	727	1,527	2,327	3,137	3,528	4,328
Regulatory & Legal	1,782	253	303	353	403	453	528
First Nations and Metis Consultations	983	57	357	657	1,157	1,490	1,990
Project Management	138	110	125	161	197	228	264
Other Consultations	217	223	273	323	373	402	423
Interest	100	18	16	25	35	46	195
Overhead	1,200	512	110	235	258	153	1,485
Total Development Cost	12,215	4,412	5,969	8,550	11,093	12,537	16,972

11
 12 b) There would be no change to the overall project costs. Refer to Exhibit I, Tab 4, Schedule 3
 13 for a scenario analysis that assesses the impact of regulatory approval delays will have on
 14 total project costs.

15
 16 c) Please refer to a) above.

¹ Updated to identify interest and overheads separately



ONTARIO ENERGY BOARD

FILE NO.: EB-2017-0364

Hydro One Networks Inc.

Lake Superior Link Project

VOLUME: Technical Conference

DATE: May 17, 2018

EB-2017-0364

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act,
1998;

AND IN THE MATTER OF an Application by Hydro One
Networks Inc. pursuant to s. 92 of the OEB Act
for an Order or Orders granting leave to
construct new transmission facilities ("Lake
Superior Link") in northwestern Ontario;

AND IN THE MATTER OF an Application by Hydro One
Networks Inc. pursuant to s. 97 of the OEB Act
for an Order granting approval of the forms of
the agreement offered or to be offered to
affected landowners.

Hearing held at 2300 Yonge Street,
25th Floor, Toronto, Ontario,
on Thursday, May 17, 2018,
commencing at 9:01 a.m.

TECHNICAL CONFERENCE

A P P E A R A N C E S

JENNIFER LEA LAWREN MURRAY	Board Counsel
NANCY MARCONI ZORA CRNOJACKI SALEH LAVAE MICHAEL LYSYCHYN	Board Staff
ROBERT WARREN ROSALIND COOPER CHRISTINE GOULAIS	Hydro One Networks Inc. (HONI)
DAVID STEVENS BRIAN MURPHY KRISTA HUGHES	NextBridge
SHELLEY GRICE*	Association of Major Power Consumers in Ontario (AMPCO)
KATE KEMPTON CHIEF PETER COLLINS	Bamkushwada L.P., BLP First Nations Fort Williams First Nation
CHIEF JOHANNA DESMOULIN	Pic Mobert First Nation
CHIEF DUNCAN MICHANO	Biigtigong Nishnaabeg
BILL HENDERSON* CHIEF DAN SAYERS*	Batchewana First Nation of Ojibways
ETIENNE ESQUEGA* MOLLY MacDONALD* CHIEF MELVIN HARDY	Biinijitiwabik Zaaging Anishnaabek (BZA)
MICHAEL BUONAGURO	Consumers' Council of Canada (CCC)

*appearing by teleconference

A P P E A R A N C E S

TAN WAGNER MAIA CHASE AHMED MARIA GLENN ZACHER	Independent Electricity System Operator (IESO)
MEGAN STRACHAN JASON MADDEN	Métis Nation of Ontario (MNO)
NICHOLAS ADAMSON SUSAN MORGAN	Ministry of the Environment and Climate Change (MOECC)
RICHARD STEPHENSON	Power Workers' Union (PWU)
MARK RUBENSTEIN	School Energy Coalition (SEC)
MARK GARNER	Vulnerable Energy Consumers' Coalition (VECC)

*appearing by teleconference

1 Whether or not this letter was shared with the First
2 Nations, I don't know.

3 MS. STRACHAN: Sure, and I think -- I'm sorry, I think
4 maybe I wasn't clear in the thrust of my questioning.

5 I think what I'm trying to do is clarify that Hydro
6 One had made the decision to offer a 34 per cent equity to
7 BPL prior to even notifying the MNO about the project.

8 That's the timeline that I was trying to understand,
9 not necessarily when BPL was made aware of that offer, but
10 when Hydro One had made its decision that was going to make
11 this offer to BLP.

12 So I'm asking if you can confirm that Hydro One had
13 made the decision to extend 34 per cent equity, which may
14 or may not be the totality of equity that is available to
15 Indigenous communities, but that Hydro One had made the
16 decision to extend that equity to BLP prior to even sending
17 its first notice about the project to the MNO.

18 MS. GOULAIS: That's correct.

19 MS. STRACHAN: Thank you. I want to ask a couple of
20 clarifying questions about a statement that is found at
21 page 13 of Hydro One's additional evidence, and it is in
22 the second last paragraph on that page.

23 In that paragraph, in the last sentence, Hydro One is
24 talking about the potential benefits if the BLP First
25 Nations do agree to the proposed equity ownership of 34 per
26 cent. It states that:

27 "This solution will result in high tax benefits
28 to all Ontario ratepayers, in addition to the

1 significant capital and OM&A savings previously
2 mentioned."

3 MS. GOULAIS: Sorry, let's -- I'm trying to follow.
4 That's not...

5 MS. STRACHAN: Sorry, it is just in the second last
6 paragraph, the last sentence.

7 MS. GOULAIS: Sorry, I wasn't following. Thank you.

8 MS. STRACHAN: No problem. I'm just wondering can you
9 explain to me how this equity deal results in high tax
10 benefits for Ontario ratepayers?

11 MS. GOULAIS: Yes, I can. So the savings is with
12 reference to net income impacts. So the portion of the net
13 income that relates to the percentage of the First Nations
14 ownership, and the new partnership is exempt from federal
15 and provincial tax.

16 So in the example that we've provided, 34 per cent --
17 34 per cent of the revenue that Hydro One's proposal would
18 be tax-exempt, thereby lowering its transmission revenue
19 requirement.

20 MS. STRACHAN: If I understand that correctly, the
21 higher the Indigenous ownership of a project, the more of
22 this kind of tax savings you could potentially have?

23 MS. GOULAIS: The higher the percentage of First
24 Nation ownership, yes.

25 MS. STRACHAN: So for instance, if you did end up
26 offering equity beyond that 34 per cent to another
27 Indigenous community, this could result in greater savings
28 to the ratepayers?

1 MS. GOULAIS: Well, it would depend on which
2 Indigenous community. First Nations are tax-exempt. My
3 understanding is that the Métis are not. So it would
4 depend on what community we're talking about.

5 MS. STRACHAN: I'd like now to jump to the April 12th
6 letter that was sent to Ms. Kempton, which is at attachment
7 12 to Hydro One's evidence, and it's just on the second
8 page of that letter in response to issue 3, so it's down
9 closer to the bottom of the page.

10 And issue 3 in Hydro One's response talks about Hydro
11 One's approach to accommodation. And when I read this, I
12 don't -- I'm not going to read it out to you, because I'm
13 sure you're familiar with what it says there.

14 But I read those two paragraphs in the response as
15 saying that Hydro One views economic participation as a
16 mechanism to accommodate Aboriginal rights. Is that
17 correct?

18 MS. GOULAIS: I'm sorry, I'm trying to follow what
19 paragraphs you are referring to of the letter.

20 MS. STRACHAN: I'm looking at -- so issue 3, if you
21 can scroll up a little bit more.

22 Issue 3 has asked Hydro One to describe their approach
23 to accommodation. And so reading the two paragraphs below
24 that, which is Hydro One's response and which talk pretty
25 much exclusively about economic participation
26 opportunities. I read that to say that Hydro One
27 understands that economic participation is a mechanism for
28 the accommodation of Aboriginal rights. Is that correct?

Hydro One Networks Inc.

483 Bay Street, South Tower, 8th Floor
 Toronto, Ontario, Canada
 M5G 2P5



LAW

Michael Engelberg, Assistant General Counsel
 Telephone: (416) 345-6305
 Fax: (416) 345-6972
 E-mail: mengelberg@HydroOne.com

BY COURIER

May 7, 2018

Ms. Kirsten Walli
 Board Secretary
 Ontario Energy Board
 Suite 2700, 2300 Yonge Street
 P.O. Box 2319
 Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: EB-2017-0364 - Hydro One Networks Inc.'s Section 92 – Lake Superior Link Project - Additional Evidence

Pursuant to Procedural Order 1, please find enclosed Hydro One’s additional evidence in the above-mentioned proceeding, inclusive of the following attachments.

Attachment 1	EB-2010-0059 Board Policy: Framework for Transmission Project Development Plans
Attachment 2	Final Customer Impact Assessment – Lake Superior Link & East-West Tie Station Projects
Attachment 3	Hydro One’s Licence of Occupation
Attachment 4	Parks Canada Pukaskwa National Park Licence Communication
Attachment 5	Project Overview – Potential Infrastructure Alteration and Renewal – Pukaskwa National Park
Attachment 6	Pukaskwa National Park Environmental Evaluation – Hydro One Right-of-way Maintenance Activities
Attachment 7	Construction Execution Plan – Hydro One Lake Superior Link Project – Pukaskwa National Park
Attachment 8	MOECC Letter to Hydro One Dated April 10, 2018
Attachment 9	Ministry of Energy Letter to Hydro One dated March 2, 2018
Attachment 10	Hydro One Letter to Six First Nations Partners of BLP - February 16, 2018
Attachment 11	Hydro One Letter to First Nations and Métis Communities – April 30, 2018
Attachment 12	Correspondence Regarding Hydro One’s Accomodation – April 12, 2018
Attachment 13	Correspondence to Six BLP Member Chiefs on Equity – May 2, 2018
Attachment 14	IESO’s Second Need Update Report – May 5, 2014
Attachment 15	OPA Letter – September 30, 2014

Attachment 16	Curricula Vitarum
Attachment 17	Double Circuit Bypass Design
Attachment 18	Notice of Commencement
Attachment 19	MOECC Email to Hydro One – May 4, 2018

Hydro One notes that the Final Customer Impact Assessment is included in this submission as Attachment 2.

This filing has been filed with the Board using the Regulatory Electronic Submission System and hard copies of such will be filed with the Board.

Yours very truly,

ORIGINAL SIGNED BY MICHAEL ENGELBERG

Michael Engelberg

Ministry of Energy

77 Grenville Street
6th Floor
Toronto ON M7A 2C1

Tel: (416) 314-2599

Ministère de l'Énergie

77 rue Grenville
6^e étage
Toronto ON M7A 2C1

Tél: (416) 314-2599



Indigenous Energy Policy

VIA EMAIL

March 2, 2018

Daniel Charbonneau
Senior Manager, Indigenous Relations
Hydro One Networks Inc.
483 Bay Street
Toronto, Ontario M5G 2P5

Re: East-West Tie Line

Dear Mr. Charbonneau:

Thank you for your letter dated November 7, 2017 requesting clarification from the Ministry of Energy on the Duty to Consult requirements for the East West Tie Line (Lake Superior Link).

Your letter states that the preliminary scope of the project consists of a new 398 kilometer, 230 kilovolt double-circuit transmission line along the northern shore of Lake Superior between Wawa and Thunder Bay. The proposed project would parallel the existing Hydro One tie between Lakehead Transmission Station and the Wawa Transmission Station.

The Ministry of Energy has reviewed the information provided relative to its current understanding of the interests of First Nation and Métis communities in the area and has determined that it may have the potential to affect First Nation and Métis communities who hold or claim Aboriginal or treaty rights protected under Section 35 of Canada's *Constitution Act* 1982.

The Ministry of Energy is delegating the procedural aspects of consultation and the Ministry of Energy expects that Hydro One will undertake the procedural aspects of consultation, consistent with the responsibilities outlined in the Memorandum of Understanding (MOU) signed between Ontario, represented by the Minister of Energy, and Hydro One, in September 2016. Please note that these consultation obligations are in addition to the consultation requirements imposed under the *Environmental Assessment Act* and further

clarified in the 'Consultation in Ontario's Environmental Assessment Process' Code of Practice as well as the 'Preparing and Reviewing Environmental Assessments in Ontario' Code of Practice.

Per section 8.1 of the MOU, the MOU and Schedule 'A' may be amended in writing at any time by the agreement of the Parties. The Ministry of Energy proposes an amendment to the MOU to include the following project description:

2. East West Tie Transmission Line (Lake Superior Link)

The East West Tie Transmission Line Project is added to this schedule consistent with the 2013 Long-Term Energy Plan, the Order in Council 326/2016 and the December 2017 Updated Assessment of the Need for the East-West Tie Expansion conducted by the IESO, which confirms the East-West Tie, a new transmission line roughly parallel to the existing transmission line that extends between Wawa and Thunder Bay, as the recommended option for maintaining a reliable and cost-effective supply to Northwest Ontario for the long term.

Per Sections 2.2(c) and 3 of the MOU, the Ministry of Energy also wishes to clarify that for the purposes of the Environmental Assessment under Part II of the *Environmental Assessment Act*, the Ministry of the Environment and Climate Change assumes primary responsibility, on behalf of the Crown, for items (c), (d), (e), (g), (h) under Section 3.2 of the MOU.

Based on the Crown's assessment of First Nation and Métis community rights and project impacts, the following Aboriginal communities should be consulted on the basis that they have or may have constitutionally protected Aboriginal or treaty rights that may be adversely affected by the Project:

Community	Mailing Address
Animbiigoo Zaagi'igan Anishnaabek First Nation (Lake Nipigon Ojibway)	204 Main Street, PO Box 120 Beardmore, ON P0T 1G0
Biinjitiwaabik Zaaging Anishinaabek First Nation (Rocky Bay)	General Delivery MacDiarmid, ON P0T 2B0
Biigtigong Nishnaabeg	PO Box 193, 78 Pic River Road Heron Bay, ON P0T 1R0
Bingwi Neyaashi Anishinaabek (Sand Point First Nation)	146 S. Court Street Thunder Bay, ON P7B 2X6
Fort William First Nation	90 Anemki Place, Suite 200 Fort William First Nation, ON P7J 1L3
Ginoogaming First Nation	PO Box 89, 101 Poplar Crescent Long Lac, ON P0T 2A0
Long Lake #58 First Nation	209 Otter Street, PO Box 609 Long Lac, ON P0T 2A0
Michipicoten First Nation	107 Hiawatha Drive, Box 1, Site 8, RR#1 Wawa, ON P0S 1K0
Missanabie Cree First Nation	174B, Hwy. 17E, Bell's Point Garden River, ON P6A 6Z1
Ojibways of Batchewana	236 Frontenac Street, Rankin Reserve 15D

	Sault Ste. Marie, ON P6A 5K9
Ojibways of Garden River	7 Shingwauk Street Garden River, ON P6A 6Z8
Pays Plat First Nation	10 Central Place Pays Plat, ON P0T 3C0
Pic Mobert First Nation	PO Box 717 Mobert, ON P0M 2J0
Red Rock Indian Band (Lake Helen)	Box #1030 Nipigon, ON P0T 2J0
MNO Greenstone Métis Council*	PO Box 825, 211-401R 4th Ave Geraldton, ON P0T 1M0
Red Sky Métis Independent Nation	406 East Victoria Ave Thunder Bay, ON P7C 1A5
MNO Superior North Shore Métis Council*	26 Princess Street Terrace Bay, ON P0T 2W0
MNO Thunder Bay Métis Council*	226 May Street South Thunder Bay, ON P7E 1B4

** Please copy MNO head office on correspondence to MNO regional councils:

Métis Consultation Unit
Métis Nation of Ontario Head Office
500 Old St. Patrick Street, Unit D, Ottawa, Ontario, K1N 9G4
Fax: (613) 725-4225

This rights-based consultation list is based on information that is subject to change. First Nation and Métis communities may make new rights assertions at any time, and other developments (e.g. the discovery of Aboriginal archaeological sites) can occur that may require additional First Nation and/or Métis communities to be notified and/or consulted. If you become aware of potential rights impact on communities that are not listed above at any stage of the consultation and approval process, kindly bring this to the attention of the Ministry of Energy with any supporting information regarding the claim. The Ministry of Energy will then assess whether it is necessary to include the community on the rights-based consultation list above.

If you have any questions about this letter or require any additional information, please contact Shannon McCabe at 416-212-6704 or shannon.mccabe@ontario.ca

Sincerely,



Samir Adkar
Director
Energy Networks and Indigenous Policy

C: Elise Cross Director, Environmental Services Hydro One Networks Inc.

Hydro One Networks Inc. Tel. No. 416-345-5463
483 Bay Street
TCT6, South Tower
Toronto, Ontario M5G 2P5
www.HydroOne.com
Derek.Chum@HydroOne.com



Derek Chum
Vice President, Indigenous Relations

February 16, 2018

Chief Peter Collins
Fort William First Nation
90 Anemki Dr- Suite 200
Fort William First Nation, ON P7J 1L3

Dear Chief Collins:

Hydro One seeks approval to construct new East-West Tie transmission line

Designing, building, and operating transmission infrastructure has been a core competency of Hydro One for many decades. Our teams bring their best each day and are working to deliver a transmission capital portfolio that has more than 200 projects at any given time.

With this in mind, and given our long history of service and ongoing commitment to northern Ontario, Hydro One has submitted an application to the Ontario Energy Board (OEB) seeking approval to construct a new transmission line between Lakehead Transformer Station (TS) and Wawa TS, as shown on the attached map. This new transmission line is needed to ensure an adequate, safe, and reliable supply of power to enable future growth and development in northwestern Ontario.

Our proposed project, which we are calling the Lake Superior Link, is a 400 kilometre double-circuit 230 kilovolt transmission line that would primarily be built on or adjacent to Hydro One's existing East-West Tie transmission corridor. Hydro One's proposal is the most cost-effective solution for Ontario electricity consumers.

By maximizing use of existing infrastructure, our route is approximately 50 km shorter and can be constructed on a narrower corridor than the current proposal. This reduces the amount of undisturbed land that would need to be cleared, thereby minimizing environmental impacts and disturbance to local communities. A major benefit of our project would be realized in Pukaskwa National Park, where Hydro One's existing transmission line can be upgraded without widening the corridor.

We are very excited about our proposal and its ability to maximize value for Ontario electricity customers, and look forward to discussing how this project can deliver tangible benefits to both Indigenous and non-Indigenous communities in the project area. Hydro One's Indigenous Relations

team will be following up with you shortly to schedule a meeting with you. We look forward to discussing community benefits and partnership opportunities with you.

For your information, I have attached a copy of a newspaper ad that will run in local papers in the coming weeks to let people know about our Lake Superior Link project. Hydro One and its project construction partner, SNC-Lavalin, are also planning to host a series of public drop-in information sessions in March in communities within the project area. We will advise you once the dates and locations have been booked, and they will be advertised in local newspapers and on our website at www.HydroOne.com/LakeSuperiorLink. Hydro One is open to having similar information sessions in your community and would be happy to discuss this opportunity further with you.

In the interim, I would be pleased to answer any questions you may have. Please also feel free to contact Christine Goulais, Senior Manager, Indigenous Relations, at 416-345-4390 or Tausha Esquega, Senior Advisor, Indigenous Relations, at 807-346-3830.

Sincerely,

A handwritten signature in black ink that reads "Derek Chum". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Derek Chum
Vice President, Indigenous Relations

Attachments (2)

Hydro One Networks Inc.

483 Bay Street

TCT6, South Tower

Toronto, Ontario M5G 2P5

www.HydroOne.com

Derek.Chum@HydroOne.com



Derek Chum

Vice President, Indigenous Relations

April 30, 2018

Chief Jason Gauthier

Missanabie Cree First Nation

174B Hwy 17 B

Garden River, ON P6A 6Z1

Dear Chief Gauthier:

Hydro One seeks approval to construct new East-West Tie transmission line

Designing, building, and operating transmission infrastructure has been a core competency of Hydro One for many decades. Our teams bring their best each day and are working to deliver a transmission capital portfolio that has more than 200 projects at any given time.

With this in mind, and given our long history of service and ongoing commitment to northern Ontario, Hydro One has submitted an application to the Ontario Energy Board (OEB) seeking approval to construct a new transmission line between our Lakehead Transformer Station (TS) and our Wawa TS, as shown on the attached map. The new line will provide the additional power transfer capability to ensure the future electricity needs and growth of northern Ontario can be met.

Our proposed project, which we are calling the Lake Superior Link, is a 400 kilometre double-circuit 230 kilovolt transmission line that would primarily be built on or adjacent to Hydro One's existing East-West Tie transmission corridor. Hydro One's proposal is the most cost-effective solution for Ontario electricity consumers.

By maximizing use of existing infrastructure, our route is approximately 50 km shorter than the other proponent's proposal, reducing the amount of relatively undisturbed land that would need to be cleared. A major benefit of our project would be realized in Pukaskwa National Park, where Hydro One's existing transmission line can be upgraded without widening the corridor. Outside of the Park, our project can be constructed on a narrower corridor; overall, the Lake Superior Link will require approximately 50% less corridor land than the other proponent's route, thereby minimizing environmental impacts and disturbance to local communities.

Hydro One received a letter from the Ministry of Energy delegating procedural aspects of Consultation to Hydro One regarding its proposed Lake Superior Link Project. Hydro One recognizes the importance of consultation with Indigenous communities. We are very excited about our proposal and its ability to maximize value for Ontario electricity customers, and look forward to discussing how this project can deliver tangible benefits to Indigenous communities in the project area. These tangible benefits include, but are not limited to, capacity funding, contracting and employment opportunities.

Hydro One together with its engineering and construction partner SNC-Lavalin not only recognizes the importance of having involvement and participation of Indigenous communities and businesses in the execution of the Lake Superior Link Project, we also have a proud history of inclusion through employment and procurement of our projects. For the Lake Superior Link Project, we will actively procure goods and services from qualified Indigenous suppliers and with companies who have strong relationships with local Indigenous communities and businesses. We will continue these relationships offering participation throughout the construction phase. Similarly, we will seek to maximize the employment of members from local/regional Indigenous communities, including additional skills training for those enrolled in the Anishinabek Employment and Training Services (AETS) program, which would be beneficial to the Lake Superior Link Project as well as future projects and employment with Hydro One.

Hydro One is prepared to begin the consultation process immediately and would like to begin scheduling meetings with you and your community as soon as possible. Hydro One's Indigenous Relations team will be following up with you shortly to schedule a meeting. In the interim, I would be pleased to answer any questions you may have. Please also feel free to contact Christine Goulais, Senior Manager, Indigenous Relations, at 416-345-4390 or Tausha Esquega, Senior Advisor, Indigenous Relations, at 807-346-3830.

Sincerely,

A handwritten signature in blue ink that reads "Derek Chum". The signature is fluid and cursive, with a long horizontal stroke at the end.

Derek Chum

Attachment



Hydro One Networks Inc.
483 Bay Street
South Tower – 6th floor
Toronto, Ontario M5G 2P5
www.HydroOne.com
Derek.Chum@HydroOne.com

Derek Chum
Vice President
Indigenous Relations

April 12, 2018

Kate Kempton
Olthuis, Kleer, Townshend LLP
250 University Avenue, 8th Floor
Toronto ON
M5H 3E5

Dear Kate,

Re: Hydro One meeting with Bamkushwada LP

I am writing to follow up on our April 6, 2018 meeting in Thunder Bay with Bamkushwada LP (BLP) regarding Hydro One's recent submission to the Ontario Energy Board (OEB) to construct its proposed Lake Superior Link Project between the Lakehead and Wawa Transformer Stations. Thanks for your time and the opportunity for Hydro One to provide an overview of our proposal.

In fall 2017, the Ontario government cited concerns about the construction cost of the proposal put forward by the development phase proponent, and asked the Independent Electricity System Operator to review all possible options and provide an updated assessment on the need for the expansion. In response, Hydro One submitted a s.92 (leave to construct) application to build and operate this project significantly more economically than the project proposed by NextBridge, while providing superior longer-term benefits to the First Nation communities that make up BLP.

At our April 6, 2018 meeting you asked Hydro One to address the following specific issues in writing.

Issue 1: Hydro One's estimated project schedule.

Response: Should Hydro One receive all required regulatory approvals to proceed with construction of the Lake Superior Link Project, the estimated construction timelines are from July 2019 to November 2021.

Issue 2: Hydro One's Indigenous Consultation approach and timeline.

Response: On February 16, 2018, Hydro One sent a letter to the six First Nation partners in BLP, introducing its Lake Superior Link Project submission to the OEB. As indicated in that letter, we are prepared to begin the consultation process immediately and, in fact, would like to begin scheduling meetings with each First Nation as soon as possible. Hydro One will need to undertake some Environmental Assessment related studies in the coming months, including a geotechnical investigation to be performed by our construction partner SNC Lavalin, and we will inform and work with each First Nation regarding each study.

Our approach to consultation and engagement with the BLP communities will be to meet with Chiefs and Councils and community members on a reasonably frequent basis during the early months through July. We also propose to hold workshops in each community to provide interested community members an opportunity to understand and comment on the technical details with Hydro One and SNC-Lavalin representatives and to provide as much information as required to inform community members. We will also be seeking traditional knowledge information from the communities and intend to compensate for the use of this information.

Our objective is to hire a Community Engagement Coordinator in each of the six BLP communities. The Community Engagement Coordinator will help to organize and execute community meetings, and coordinate the provision of information to Hydro One from the community, such as traditional knowledge information. We expect the Community Engagement Coordinator will be our day-to-day liaison person.

At the same time, we will also be engaging with the First Nations and Métis communities that are less directly affected including the Métis Nation of Ontario. Although the frequency of meetings will be less than with the BLP communities, their input is valuable and informative.

Issue 3: Hydro One's approach to Accommodation given the existing limitations posed as a result of what you have told us is an exclusivity agreement between BLP and NextBridge.

Response: Hydro One has no knowledge of any exclusivity terms, or the scope of such terms, in the contract(s) between NextBridge, BLP and/or each of the six First Nations. Hydro One's approach to accommodation will be a package of benefits similar to the benefits identified in the Designated Transmitter submission filed with the OEB¹ in 2013 by East-West Tie LP, which included Hydro One and BLP as partners. Our offer includes capacity funding, contracting and employment opportunities, and an ownership opportunity in the project.

Should the OEB award Hydro One leave to construct the Lake Superior Link Project, we are committed to offering BLP an opportunity to own 34% in a limited partnership that will own the Lake Superior Link assets, thus offering substantially higher net income and dividends to the BLP communities as compared to the NextBridge project. For illustration purposes, we estimate that our First Nation partners will receive close to \$6M in annual dividends. Based on the leave to construct applications submitted to the OEB by each of Hydro One and NextBridge, the estimated returns on investment for each proposal are as follows:

¹ EB-2011-0140

Proponent	Project Cost	FN Equity Share	FN Investment	Annual Net income attributable to Bamkushwada LP	Annual Dividend to Bamkushwada LP of Net Income	Total estimated Dividends Over 30 Years*
Hydro One	\$636M	34%	\$86.5M	\$7.7M	\$5.4M	\$115M
NextBridge	\$777M	20%	\$62.2M	\$5.5M	\$3.9M	\$83.1M

Note: the numbers above are based on estimated project costs and current OEB allowed return on equity. Actual equity ownership will be based on the final cost to construct the project.*

Hydro One and SNC-Lavalin recognize the importance of having involvement and participation of Indigenous communities and businesses in the execution of the Lake Superior Link Project. We have a proud history of inclusion through employment and procurement of our projects. For the Lake Superior Link Project we will actively procure goods and services from qualified Indigenous suppliers and with companies who have strong relationships with local Indigenous communities and businesses. Similarly, we will seek to maximize the employment of members from local Indigenous communities, including those who have received or who are currently completing project related skills training. Hydro One and SNC-Lavalin would also consider additional skills training prior to construction of the Lake Superior Link Project. Additionally, Hydro One is able to provide lasting employment opportunities throughout its network across the province for skilled Indigenous workers beyond the construction of the Lake Superior Link Project.

Issue 4: Hydro One’s contingency plan should it not receive required approvals from Parks Canada to go through Pukaskwa National Park and modify its existing transmission asset.

Response: As the owner of the existing East-West Tie line which crosses through Pukaskwa National Park, Hydro One has the unique ability to meet the requirements of the *Canada National Parks Act* and Parks Canada policies. No new electrical transmission lines are permitted within National Parks; however modifications to existing transmission lines are permitted. Hydro One has engaged in discussions with Park Canada for several months and has obtained conditional support to modify its existing east-west tie line through Pukaskwa National Park. Details regarding the implementation and delivery of the construction program to ensure identification and mitigation of any potential impacts to protect the integrity of the Park have also been vetted with Parks Canada. This contributes significantly to Hydro One’s ability to minimize impacts on the environment and to deliver the project at a significantly lower cost.

Issue 5: Hydro One’s contingency plan should it not receive approval to utilize NextBridge’s proposed Individual Environmental Assessment (EA).

Response: Hydro One is currently communicating with government ministries and agencies regarding the use of the existing EA in relevant portions of the route and means available to meet additional EA obligations. In order for Hydro One to deliver the project in 2021 at the cost included in its s.92 application, we rely on and trust that collaborative discussions with the Ontario government will provide the regulatory support necessary to allow Hydro One to meet its EA obligations in a manner that is reasonable and cost effective to rate payers.

We understand that several regulatory decisions have yet to be confirmed with respect to our s.92 submission. Hydro One can build the Lake Superior Link at a significantly lower cost than the proposed NextBridge project, while providing superior long-term benefits to its First Nation partners.

I trust the information provided above will be helpful to you and your clients. We would welcome a further discussion on how Hydro One can begin engagement on our proposed project and other opportunities.

Sincerely,

A handwritten signature in blue ink, appearing to read "Derek Chum". The signature is fluid and cursive, with a long horizontal stroke at the end.

Derek Chum

From: CHUM Derek
Sent: Wednesday, May 02, 2018 1:46 PM
To: 'ppchief@tbaytel.net'
Cc: Lindley, Stephen (Stephen.Lindley@sncclavalin.com)
Subject: Technical Conference - EB-2017-0364 Hydro Network Inc.'s Section 92 – Lake Superior Link Project

Chief Mushquash,

I am writing to advise that Hydro One will be submitting evidence with respect to the Technical Conference on the matter referenced above. The evidence is directly relevant to your community. Specifically, our evidence will include the following:

1. Hydro One's estimated project schedule: should Hydro One receive all required regulatory approvals to proceed with construction of the Lake Superior Link Project, the estimate construction timelines are from July 2019 to November 2021.
2. Hydro One's Indigenous Consultation and timeline: Hydro One is prepared to begin the consultation process immediately and has reached out to the First Nations and Metis communities identified by the Ministry of Energy. We expect to meet regularly with communities, hold open houses, workshops, seek traditional knowledge (and compensate for same), and hire a community engagement coordinator in your community.
3. Hydro One's approach to accommodation: If the OEB awards Hydro One leave to construct the Lake Superior Link Project, we are committed to offering Ojibways of Pic River First Nation, Pic Mobert First Nation, Pays Plat First Nation, Fort William First Nation, Michipicoten First Nation, and Red Rock First Nation an opportunity to own 34% in a limited partnership that will own the Lake Superior Link assets. With our partner SNC Lavalin we will also offer employment and procurement opportunities for members from these communities and also consider further training opportunities and lasting employment opportunities throughout Hydro One's network for skilled Indigenous workers beyond the construction of the Lake Superior Link Project.

The full package of evidence will be filed on Monday May 7. We would appreciate an opportunity to meet with you to discuss the LSL project and opportunities for your community to be involved.

Regards,

Derek

Derek Chum
VP, Indigenous Relations
Customer Care & Corporate Affairs
Hydro One
Tel: 416-345-5463
Cell: 416-302-2842
Email: Derek.Chum@HydroOne.com

From: Kate Kempton [<mailto:KKempton@oktlaw.com>]
Sent: Wednesday, May 02, 2018 2:24 PM
To: CHUM Derek; stephen.lindley@snclavalin.com
Cc: Duncan Michano (chiefpicriver@picriver.com); Sharon Ostberg; pcollins@fwfn.com; ppchief@tbaytel.net; 'Chief Pat Tangie' (ptangie@michipicoten.com); 'Johanna Desmoulin' (johannadesmoulin@gmail.com) (johannadesmoulin@gmail.com); Edward Wawia; Liora Zimmerman; Julie-Anne Pariseau; Oliver MacLaren
Subject: FW: Technical Conference - EB-2017-0364 Hydro Network Inc.'s Section 92 – Lake Superior Link Project

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Derek: Chief Michano asked me to respond to your email below on his behalf, and to cc the other BLP First Nations.

First, we had advised HONI both in person at the April 6 meeting in Thunder Bay, and by email thereafter, that there was to be no sharing of information with the BLP First Nations, or discussions with them, about any aspects of a possible economic deal between them and HONI. This places them in potential breach of the agreement with Nextbridge and this is unacceptable. We were clear and unambiguous when we stated this already. Yet your email below proceeds to do just that. Please do not do this again.

Second, as you know, the BLP First Nations are intervening in and actively participating in the motion before the OEB to dismiss HONI's LTC application. This motion will be heard in a few short weeks, and decided shortly thereafter due to the time pressures involved. Biigtigong does not have unlimited time or resources. Some are already being allocated to this motion. It is more appropriate to wait the very short period of time until this motion is concluded, before commencing any engagement with HONI. The OEB might decide to dismiss HONI's application in which any engagement in the interim would have been a waste of too-valuable time and resources. If the OEB does not dismiss HONI's application, then a few short weeks will not make a substantive difference.

Please address any further correspondence of this nature to the Chief but copy me.

Thank you. Kate

From: Duncan Michano [<mailto:chiefpicriver@picriver.com>]
Sent: May 2, 2018 1:58 PM
To: Kate Kempton; Sharon Ostberg
Cc: Duncan Michano
Subject: FW: Technical Conference - EB-2017-0364 Hydro Network Inc.'s Section 92 – Lake Superior Link Project

From: Derek.Chum@HydroOne.com <Derek.Chum@HydroOne.com>
Sent: May 2, 2018 1:46 PM
To: Duncan Michano <chiefpicriver@picriver.com>
Cc: Stephen.Lindley@snclavalin.com
Subject: Technical Conference - EB-2017-0364 Hydro Network Inc.'s Section 92 – Lake Superior Link Project

Chief Michano,

I am writing to advise that Hydro One will be submitting evidence with respect to the Technical Conference on the matter referenced above. The evidence is directly relevant to your community. Specifically, our evidence will include the following:

1. Hydro One's estimated project schedule: should Hydro One receive all required regulatory approvals to proceed with construction of the Lake Superior Link Project, the estimate construction timelines are from July 2019 to November 2021.
2. Hydro One's Indigenous Consultation and timeline: Hydro One is prepared to begin the consultation process immediately and has reached out to the First Nations and Metis communities identified by the Ministry of Energy. We expect to meet regularly with communities, hold open houses, workshops, seek traditional knowledge (and compensate for same), and hire a community engagement coordinator in your community.
3. Hydro One's approach to accommodation: If the OEB awards Hydro One leave to construct the Lake Superior Link Project, we are committed to offering Ojibways of Pic River First Nation, Pic Mobert First Nation, Pays Plat First Nation, Fort William First Nation, Michipicoten First Nation, and Red Rock First Nation an opportunity to own 34% in a limited partnership that will own the Lake Superior Link assets. With our partner SNC Lavalin we will also offer employment and procurement opportunities for members from these communities and also consider further training opportunities and lasting employment opportunities throughout Hydro One's network for skilled Indigenous workers beyond the construction of the Lake Superior Link Project.

The full package of evidence will be filed on Monday May 7. We would appreciate an opportunity to meet with you to discuss the LSL project and opportunities for your community to be involved.

Regards,

Derek

Derek Chum
VP, Indigenous Relations
Customer Care & Corporate Affairs
Hydro One
Tel: 416-345-5463
Cell: 416-302-2842
Email: Derek.Chum@HydroOne.com

1 **NextBridge Interrogatory # 30**

2
3 **Reference:**

4 EB-2017-0364 - February 15, 2018 HONI Lake Superior Link Application, EXHIBIT B, TAB 1,
5 SCHEDULE 1, page 10, lines 3-9.

6
7 **Interrogatory:**

8 Explain in detail all work that HONI has completed with respect to its Environmental
9 Assessment (“EA”). As part of this explanation, please include:

- 10
11 a) The status of the “exemption” discussed in HONI’s May 7, 2018 Additional Evidence. Has
12 HONI applied to MOECC (now MECP) for a Declaration Order?
13
14 b) HONI’s plans on how it will complete the required studies that are impacted by seasonal or
15 other restrictions in a timely manner to obtain the environmental permits required for the
16 Lake Superior Link project.
17
18 c) HONI’s understanding of the need for Indigenous consultation in the context of the
19 environmental permits.
20
21 d) A schedule showing the required steps, milestones, and timing to file the Lake Superior Link
22 draft EA and final EA as well to receive approval from the MECP and MNRF.
23 i. Include when final MECP and MNRF approvals are estimated to occur, and the
24 probabilities that these dates may be missed, and probability of the missing of the
25 approval dates, and the implications of missing those approval dates on the in-
26 service date of the Lake Superior Link project.
27
28 e) Provide a copy all documents in which HONI considers conditions that may be placed in the
29 Lake Superior Link project by MECP and MNRF, including identifying the estimated costs
30 that could be associated with these conditions.
31 ii. Identify where in its cost estimates the costs associated with implementing these
32 conditions are included. If not included, please add the costs to the HONI costs
33 estimate and update the overall estimate, accordingly.

Filed: 2018-09-24

EB-2017-0364

Exhibit I

Tab 2

Schedule 30

Page 2 of 2

1 **Response:**

2 a) The status of the Declaration Order process is provided in Exhibit I, Tab 1, Schedule 14,
3 Attachment 1. As stated in previous evidence, Hydro One cannot apply to MECP for a
4 Declaration Order until the NextBridge EA has been approved. As outlined in the referenced
5 response the NextBridge EA approval is now assumed to be by end of Q4 2018.

6
7 b) Hydro One has been conducting required studies since March 2018. In order to fully engage
8 Indigenous Communities contributing to studies within Pukaskwa National Park, Hydro One
9 is currently finalizing Capacity Funding Agreements with the three communities most
10 affected by work within the Park. As a result, some time-sensitive studies to be completed in
11 spring and summer will have to be deferred to spring 2019.

12
13 c) Indigenous Consultation is required for all aspects of the LSL project, including
14 environmental permits. The EA consultation process is being utilized to ensure that each
15 Indigenous Community has an opportunity to contribute to studies, be provided with results
16 and documentation, and input into mitigation measures.

17
18 d) Please refer to Exhibit I, Tab 1, Schedule 14, Attachment 1 and Exhibit I, Tab 1, Schedule 7.

19
20 e) Consultation is ongoing and conditions have not yet been established by MECP or MNRF.

Français

Métis Nation of Ontario Secretariat Act, 2015

S.O. 2015, CHAPTER 39

Consolidation Period: From January 13, 2018 to the [e-Laws currency date](#).

Last amendment: 2017, c. 20, Sched. 7, s. 80.

Legislative History: 2015, c. 39, s. 17-29; 2017, c. 20, Sched. 7, s. 80.

Preamble

Métis Nation of Ontario Secretariat is a corporation without share capital incorporated under the *Corporations Act*. It is the corporate and administrative arm of the Métis Nation of Ontario, which was created to represent and advocate on behalf of its registered citizens, and the Métis communities comprised of those citizens, with respect to their collective rights, interests and aspirations, as well as to provide social, economic and cultural supports to Métis individuals, families and communities through a province-wide service delivery system.

The Métis Nation of Ontario maintains a centralized registry of its citizens. The members of Métis Nation of Ontario Secretariat are citizens of the Métis Nation of Ontario, with defined rights and responsibilities, as set out in the Secretariat's constituting documents and by-laws.

The citizens of the Métis Nation of Ontario identify as descendants of the Métis people that emerged in west central North America with their own language (Michif), culture, traditions and way of life. These Métis people collectively refer to themselves as the Métis Nation, which includes Métis communities within Ontario.

Through Métis Nation of Ontario Secretariat, the Métis Nation of Ontario has established various democratically elected governance structures at the local, regional and provincial levels to represent its citizens. The Government of Ontario recognizes that the Secretariat's status as a governance structure that represents its citizens at the local, regional and provincial levels creates operational realities that are distinct from other Ontario not-for-profit corporations.

Therefore, Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

DEFINITIONS

Definitions

1 In this Act,

“by-laws” means the by-laws of the Secretariat; (“règlements administratifs”)

“citizen” means a member of the Secretariat; (“citoyen”)

“councillor” means, except as otherwise provided in section 9, a director of the Secretariat; (“conseiller”)

“Métis Community Council” means a corporation without share capital that,

- (a) has the Secretariat as its sole member,
- (b) contains “Métis Community Council” or “Conseil communautaire métis” within its corporate name, and
- (c) is prescribed by regulations made under subsection 16 (2); (“conseil communautaire métis”)

“Provisional Council” means the Provisional Council of the Métis Nation of Ontario, being the board of directors of the Secretariat; (“conseil provisoire”)

“Secretariat” means the corporation without share capital incorporated on February 25, 1994 by letters patent under the *Corporations Act* under the name Métis Nation of Ontario Secretariat. (“Secrétariat”)

SECRETARIAT

Corporations Act

2 (1) The *Corporations Act* applies to the Secretariat, except as otherwise provided under this Act.

Corporate name

(2) The Secretariat's name is changed to "Métis Nation of Ontario Secretariat" in English and "Secrétariat de la nation métisse de l'Ontario" in French, and the change is deemed to have been effected by supplementary letters patent under the *Corporations Act*.

Note: On the day subsection 4 (1) of the *Not-for-Profit Corporations Act, 2010* comes into force, section 2 of this Act is repealed and the following substituted: (See: 2015, c. 39, s. 17)

Not-for-Profit Corporations Act, 2010

2. The *Not-for-Profit Corporations Act, 2010* applies to the Secretariat, except as otherwise provided under this Act. 2015, c. 39, s. 17.

Section Amendments with date in force (d/m/y)

2015, c. 39, s. 17 - not in force

Notice to Minister

3 The Secretariat shall notify the Minister responsible for the administration of this Act when an application to file letters patent or supplementary letters patent is made under the *Corporations Act* in relation to,

Note: On the day subsection 4 (1) of the *Not-for-Profit Corporations Act, 2010* comes into force, section 3 of this Act is amended by striking out the portion before clause (a) and substituting the following: (See: 2015, c. 39, s. 18)

Notice to Minister

3. The Secretariat shall notify the Minister responsible for the administration of this Act when an application to file articles is made under the *Not-for-Profit Corporations Act, 2010* in relation to,

- (a) the Secretariat;
- (b) a Métis Community Council; or
- (c) a body that, if incorporated, proposes, with the Secretariat's written consent, to include within its corporate name the expression "Métis Community Council" or "Conseil communautaire métis".

Section Amendments with date in force (d/m/y)

2015, c. 39, s. 18 - not in force

Note: On the day subsection 4 (1) of the *Not-for-Profit Corporations Act, 2010* comes into force, this Act is amended by adding the following section: (See: 2015, c. 39, s. 19)

Councillors must be citizens

3.1 Despite subsection 23 (2) of the *Not-for-Profit Corporations Act, 2010*, no person shall be a councillor unless he or she is a citizen. 2015, c. 39, s. 19.

Section Amendments with date in force (d/m/y)

2015, c. 39, s. 19 - not in force

Election of councillors

4 (1) Councillors shall be elected by citizens every four years, and the elections shall be by province-wide ballot.

Same

(2) For the purposes of subsection (1), the requirement in subsection 287 (1) of the *Corporations Act* that the election take place in a general meeting does not apply.

Note: On the day subsection 4 (1) of the *Not-for-Profit Corporations Act, 2010* comes into force, subsection 4 (2) of this Act is repealed and the following substituted: (See: 2015, c. 39, s. 20)

Same

(2) For the purposes of subsection (1), the requirement in subsection 24 (1) of the *Not-for-Profit Corporations Act, 2010* that the election take place in an annual meeting does not apply. 2015, c. 39, s. 20.

Section Amendments with date in force (d/m/y)

2015, c. 39, s. 20 - not in force

Removal of councillors

5 (1) The citizens may, by ordinary resolution at a special meeting, remove from office any councillor, except a person who is a councillor by virtue of his or her office.

Note: On the day subsection 4 (1) of the *Not-for-Profit Corporations Act, 2010* comes into force, subsection 5 (1) of this Act is repealed. (See: 2015, c. 39, s. 21)

MNO INTERROGATORY #1

INTERROGATORY

Reference: EB-2017-0182/EB-2017-0194, Technical Conference Transcripts, May 7, 2018, p 130, lines 20–28 and p 131, lines 1–4.

Preamble: In the above-referenced Technical Conference, NextBridge indicated that discussions with the MNO regarding economic participation were ongoing.

Please provide an update on consultation and economic participation discussions with the MNO, including a description of any progress or developments that have occurred since the above-referenced Technical Conference was held.

RESPONSE

Since the May 7, 2018 Technical Conference, NextBridge has signed an economic participation agreement with the Métis Nation of Ontario (MNO). The MNO represent three of the four Métis communities identified in the Memorandum of Understanding between NextBridge and the Crown that delegated certain aspects of the Duty to Consult to NextBridge - Thunder Bay Métis, the Superior North Shore Métis and the Greenstone Métis. This economic participation agreement between NextBridge and MNO is the product of over four years of negotiations and is mutually beneficial and respected by both parties. It includes contracting opportunities for Métis citizens and support for NextBridge's activities during the construction period.